



FINAL ANNUAL BUDGET OF
NONGOMA MUNICIPALITY

2013/14 TO 2015/16

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|---|
| AMR | Automated Meter Reading | LED | Local Economic Development |
| ASGISA | Accelerated and Shared Growth Initiative | MEC | Member of the Executive Committee |
| BPC | Budget Planning Committee | MFMA | Municipal Financial Management Act Programme |
| CFO | Chief Financial Officer | MIG | Municipal Infrastructure Grant |
| CM | City Manager | MMC | Member of Mayoral Committee |
| CPI | Consumer Price Index | MPRA | Municipal Properties Rates Act |
| CRRF | Capital Replacement Reserve Fund | MSA | Municipal Systems Act |
| DBSA | Development Bank of South Africa | MTEF | Medium-term Expenditure Framework |
| DoRA | Division of Revenue Act | MTREF | Medium-term Revenue and Expenditure Framework |
| EE | Employment Equity | NGO | Non-Governmental organisations |
| EM | Executive Mayor | NKPIs | National Key Performance Indicators |
| FBS | Free basic services | OHS | Occupational Health and Safety |
| GAMAP | Generally Accepted Municipal Accounting Practice | OP | Operational Plan |
| GDP | Gross domestic product | PMS | Performance Management System |
| GFS | Government Financial Statistics | PPE | Property Plant and Equipment |
| GRAP | General Recognised Accounting Practice | PTIS | Public Transport Infrastructure System |
| HR | Human Resources | SALGA | South African Local Government Association |
| HSRC | Human Science Research Council | SAPS | South African Police Service |
| IDP | Integrated Development Strategy | SDBIP | Service Delivery Budget Implementation Plan |
| IT | Information Technology | SMME | Small Micro and Medium Enterprises |
| KM | Kilometre | | |
| KPA | Key Performance Area | | |
| KPI | Key Performance Indicator | | |

Part 1 – Annual Budget

1.1 Mayor's Budget Speech

Honorable Speaker – Cllr A N Mchunu

Honorable Deputy Mayor – Cllr T B Nyoka

Honorable Members of the Executive Committee

Honorable Councillors

Municipal Manager – Mr.BE Ntanzu

Heads of Department

Ladies and Gentlemen

I am honored to present to you the Final Municipal Budget for 2013/2014 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality.

In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the **municipality's financial plan** is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2013/2014 budget was prepared under challenging circumstances. It has taken a lot of effort and creativity to balance this budget. What we have tried to achieve with this year's budget is to meet the obligations of the municipality towards its electorate – YOU THE VOTER, YOU THE COMMUNITY MEMBER OF NONGOMA. To bring the best services to you with the financial resources we have is a mammoth task. However working together we can do more.

Mr Speaker, it is acknowledged that while the municipality is not a profit-making institution it must be maintained and managed as a going concern; therefore we cannot do without increasing the cost of service.

We have started a revenue enhancement project, the vehicle testing centre which will be finalized in the new financial year. This project aims at increasing our revenue base, which will result in the upward revision of the grade of this municipality.

This budget is viewed by us as a budget for the people by the people. It covers the aspirations of our youth, by looking at their future. It talks to the needs of PEOPLE LIVING WITH HIV AND AIDS. It does not discriminate people living with DISABILITIES. It was done according to the budget guidelines.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2013/14 MTREF Budget:

| Details | Adjustment Budget 2012/13 | Budget Year 2013/2014 | Budget Year 2014/15 | Budget Year 2015/16 |
|---|------------------------------|--------------------------|------------------------|------------------------|
| <i>Total operating revenue</i> | 90 647 227 | 99 959 258 | 115 502 065 | 144 141 071 |
| <i>Total operating expenditure</i> | 82 632 233 | 91 275 100 | 95 614 945 | 101 023 974 |
| <i>Operating Surplus/(Deficit)</i> | 8 014 994 | 8 684 158 | 19 887 121 | 43 117 097 |
| | | | | |
| <i>Total capital receipts</i> | 72 868 000 | 61 443 000 | 49 831 000 | 46 820 000 |
| <i>Total capital expenditure</i> | 81 318 465 | 95 675 000 | 73 831 000 | 61 820 000 |
| <i>Total Budget for the year</i> | 163 950 698 | 186 950 100 | 169 445 945 | 162 843 974 |

Operating revenue

| Details | Current year - 2012 / 2013 | | | | Medium Term Revenue and Expenditure Framework | | |
|----------------------|----------------------------|-------------------|--------------------|-------------------|---|---------------------|---------------------|
| Rands | Original Budget | Revised Budget | Full-Year Forecast | Pre-Audit Outcome | Budget Year 2013/2014 | Budget Year 2014/15 | Budget Year 2015/16 |
| Property rates | 7 707 896 | 9 219 845 | 9 219 845 | 9 219 845 | 9 773 036 | 10 359 418 | 10 980 983 |
| Service charges | 1 567 669 | 1 567 669 | 1 567 669 | 1 567 669 | 1 655 458 | 1 744 853 | 1 839 075 |
| Investment revenue | 456 300 | 456 300 | 456 300 | 456 300 | 481 853 | 507 873 | 535 298 |
| Transfers recognized | 77 787 000 | 77 787 000 | 77 787 000 | 77 787 000 | 85 384 000 | 100 081 000 | 127 825 000 |
| Other revenue | 21 895 275 | 1 616 413 | 1 616 413 | 1 616 413 | 2 664 912 | 2 808 922 | 2 960 715 |
| Total revenue | 109 414 140 | 90 647 227 | 90 647 227 | 90 647 227 | 99 959 259 | 115 502 066 | 144 141 071 |

Operating Expenditure

| Details | Current year - 2012 / 2013 | | | | Medium Term Revenue and Expenditure Framework | | |
|------------------------------|----------------------------|----------------------|----------------------|----------------------|---|---------------------|---------------------|
| Rands | Original Budget | Revised Budget | Full-Year Forecast | Pre-Audit Outcome | Budget Year 2013/2014 | Budget Year 2014/15 | Budget Year 2015/16 |
| Financial Performance | | | | | | | |
| Employee related costs | 42 042 826.00 | 37 195 600.00 | 37 195 600.00 | 37 195 600.00 | 39 756 741 | 42 301 172 | 45 008 447 |
| Remuneration of councillors | 9 614 014.00 | 10 416 237.00 | 10 416 237.00 | 10 416 237.00 | 10 426 643 | 10 947 976 | 11 495 374 |
| Bad debt provision | 922 705.00 | 922 705.00 | 922 705.00 | 922 705.00 | 974 376 | 1 026 993 | 1 082 450 |
| Depreciation & impairment | 3 298 983.00 | 3 298 983.00 | 3 298 983.00 | 3 298 983.00 | 3 478 238 | 3 660 771 | 3 853 161 |
| Finance charges | 2 219 739.00 | 178 112.00 | 178 112.00 | 178 112.00 | 1 125 465 | 1 103 865 | 1 080 514 |
| Materials and bulk purchases | - | - | - | - | 0 | 0 | 0 |
| Contracted services | - | - | - | - | 6 745 198 | 7 109 439 | 7 493 348 |
| Transfers and grants | 20 093 936.00 | 93 936.00 | 93 936.00 | 93 936.00 | 99 196 | 104 553 | 110 199 |
| Other expenditure | 33 977 960.00 | 30 526 661.00 | 30 526 661.00 | 30 526 661.00 | 28 669 242 | 29 360 177 | 30 900 480 |
| Total expenditure | 112 170 163.00 | 82 632 234.00 | 82 632 234.00 | 82 632 234.00 | 91 275 100 | 95 614 946 | 101 023 974 |

The Capital Expenditure budget

The total capital budget expenditure for the 2013-14 financial term equals to **R95 675 000 million**. The capital projects to be undertaken in terms of our capital budget expenditure over the medium-term are broken down as follow:

- NDPG funding of R26.1m will be channeled towards finalization of the following project:
 - Upgrading of the Taxi and Bus Rank (including trading stalls)
 - Rehabilitation of main entry road (R66)
- R8m for the electrification of rural areas – Wards to be prioritized should be identified
- Construction of new administration offices – R20 million;
- Construction of recreational facilities (sports fields) – R3,3 million;
- Construction of rural roads – R20.97 million;
- Construction of community halls – R3.032 million
- Construction of phase 2 of the vehicle testing center – R6million

- The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

Tariffs

When revising tariffs and other charges, municipalities are urged to take into account the cost of rendering a service in order to ensure financial sustainability. In revising the tariffs we have taken into account the harsh economic realities of Nongoma. It is impossible to increase the tariffs beyond the inflation target of 6%. Municipalities are required to justify all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

Municipal property rates tariffs has been increased by 6% while tariffs for other service charges have been increased by increased by 5.6% for the 2013/14 financial year and 5.4% for the two outer years of the MTREF.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

Mr Speaker, allow me to confirm that although we want to do far more than the mentioned elements as well as everything that is captured in this budget, we cannot do everything in one year or even in two years but we will strive to ensure that the needs of our community are fulfilled.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2013/14 multi-year budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude the Councillors of Nongoma, the Municipal Manager Mr BE Ntanzi, the Chief Financial Officer Mr. M Mthembu, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this budget. It will improve the lives of the people.

I thank you

Hon Councillor J B Mavundla
Mayor of Nongoma Municipality.

1.2 Council Resolutions

On 30 May 2013 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the final annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:
 - 1.1. The Draft annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 13.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 14;
 - 1.2.2. Budgeted Cash Flows as contained in Table 15;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 16;
 - 1.2.4. Asset management as contained in Table 17; and
 - 1.2.5. Basic service delivery measurement as contained in Table 18.

2. The Council of Nongoma Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:

- 2.1. the tariffs for property rates.

3. The Council of Nongoma Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services.

4. To give proper effect to the municipality's draft annual budget, the Council of Nongoma Municipality approves:

- 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2013/14 financial year limited to an amount of R20 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

- 4.2. That the Municipal Manager be authorized to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has

undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of solid waste disposal. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is an overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2012/13 MTREF

| Details | Adjustment Budget 2012/13 | Budget Year 2013/2014 | Budget Year 2014/15 | Budget Year 2015/16 |
|---|------------------------------|--------------------------|------------------------|------------------------|
| <i>Total operating revenue</i> | 90 647 227 | 99 959 258 | 115 502 065 | 144 141 071 |
| <i>Total operating expenditure</i> | 82 632 233 | 91 275 100 | 95 614 945 | 101 023 974 |
| <i>Operating Surplus/(Deficit)</i> | 8 014 994 | 8 684 158 | 19 887 121 | 43 117 097 |
| | | | | |
| <i>Total capital receipts</i> | 72 868 000 | 61 443 000 | 49 831 000 | 46 820 000 |
| <i>Total capital expenditure</i> | 81 318 465 | 95 675 000 | 73 831 000 | 61 820 000 |
| <i>Total Budget for the year</i> | 163 950 698 | 186 950 100 | 169 445 945 | 162 843 974 |

Total operating revenue has grown by 10% or R9.3million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 15.5% and 24.8% respectively, equating to a total revenue growth of R53.5 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R91.2 million and translates into a budgeted surplus of R8.6 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 10.5% in the 2013/14 budget and by 4.8% in 2014/15 and 5.7% in 2015/16. The surpluses of R8.6 million, R19.9 million and R43.1 million in 2013/14, 2014/15 and 2015/16 respectively can be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R95.6 million for 2013/14 is 17 per cent more when compared to the 2012/13 Adjustment Budget. The capital programme decreases to R73.8 million in the 2014/15 financial year and in 2015/16 to R61.8 million. A substantial portion of the capital budget will be funded from conditional grants over the MTREF. Borrowings will contribute 28.5% in 2013/14. The balance will be funded from internally generated funds.

1.4 Operating Revenue and Expenditure Framework

For the Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these

challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an annual collection rate of not less than 75% for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | 1 | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 3 594 | 2 755 | 5 758 | 6 423 | 7 934 | 7 934 | 7 934 | 8 411 | 8 915 | 9 450 |
| Property rates - penalties & collection charges | | 391 | 753 | 1 215 | 1 285 | 1 285 | 1 285 | 1 285 | 1 363 | 1 444 | 1 531 |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Service charges - other | | 120 | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 266 | - | 139 | 324 | 136 | 136 | 136 | 186 | 196 | 207 |
| Interest earned - external investments | | - | 307 | 404 | 456 | 456 | 456 | 456 | 482 | 508 | 535 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines | | 25 | 30 | 96 | 81 | 50 | 50 | 50 | 67 | 71 | 75 |
| Licences and permits | | 724 | 740 | 723 | 2 807 | 824 | 824 | 824 | 2 010 | 2 119 | 2 233 |
| Agency services | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | | 43 691 | 52 575 | 55 641 | 95 847 | 77 787 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| Other revenue | 2 | 1 323 | 1 180 | 485 | 623 | 606 | 606 | 606 | 401 | 423 | 446 |
| Gains on disposal of PPE | | - | 22 | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 50 584 | 59 374 | 65 931 | 109 414 | 90 647 | 90 647 | 90 647 | 99 959 | 115 502 | 144 141 |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognized forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 11.6 per cent of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges amounted to R10.7 million or 11.9 per cent. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 8.4 per cent or R8.4 million rand and increases to R9.5 million by 2015/16. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R85.384 million in the 2013/14 financial year and increases to R100.081 million and R127.825 in 2014/15 and 2015/16 respectively. The increase in 2014/15 and 2015/16 financial years is attributable to equitable share and library provincialisation grant from Provincial treasury.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 41 909 | 51 659 | 55 328 | 95 301 | 75 301 | 75 301 | 84 700 | 99 063 | 127 076 |
| Local Government Equitable Share | | 40 424 | 49 419 | 53 088 | 72 001 | 72 001 | 72 001 | 81 160 | 96 329 | 124 159 |
| Finance Management | | 750 | 1 450 | 1 450 | 1 500 | 1 500 | 1 500 | 1 650 | 1 800 | 1 950 |
| Municipal Systems Improvement | | 735 | 790 | 790 | 800 | 800 | 800 | 890 | 934 | 967 |
| Integrated National Electrification Programme | | - | - | - | 20 000 | - | - | - | - | - |
| EPWP Incentive | | - | - | - | 1 000 | 1 000 | 1 000 | 1 000 | - | - |
| Other transfers/grants [insert description] | | | | | | | | | | |
| Provincial Government: | | 200 | 532 | 233 | 496 | 2 436 | 2 436 | 634 | 968 | 699 |
| Provincialisation of Libraries | | - | 332 | 233 | 245 | 245 | 245 | 514 | 542 | 567 |
| Municipal Assistance Programme | | 200 | 200 | - | - | - | - | - | - | - |
| Community Library Services | | - | - | - | 101 | 85 | 85 | 120 | 126 | 132 |
| Infrastructure | | - | - | - | 150 | - | - | - | - | - |
| Property rates grant | | - | - | - | - | 2 106 | 2 106 | - | 300 | - |
| District Municipality: | | 30 | 80 | 100 | 50 | 50 | - | 50 | 50 | 50 |
| Tourism | | 30 | 80 | 100 | 50 | 50 | - | 50 | 50 | 50 |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | 42 139 | 52 271 | 55 661 | 95 847 | 77 787 | 77 737 | 85 384 | 100 081 | 127 825 |

Municipal tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate a 30 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent(calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 6% increase from 1 July 2013 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2013/14 financial year

| Category | Current Tariff (1 July 2013) | Proposed tariff (from 1 July 2012) |
|-------------------------------------|---------------------------------|---------------------------------------|
| | C | C |
| Residential property (Rebate – 30%) | 0.0124 | 0.0117 |
| Agricultural land | 0.0032 | 0.0030 |
| Public Service Infrastructure | 0.0032 | 0.0030 |
| Business property | 0.0246 | 0.0233 |
| Commercial property | 0.0246 | 0.0233 |
| Industrial property | 0.0246 | 0.0233 |
| Mining land | 0.0246 | 0.0233 |
| Vacant land | 0.0492 | 0.0466 |
| Indigent property | - | - |
| Specialised NMP | 0.0124 | 0.0117 |
| Municipal property | Nil | Nil |

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles and equipment, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.6% increase in the waste removal tariff is proposed from 1 July 2013. Any increase higher than 5.6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 5 Comparison between current waste removal fees and increases

| Category | Current Tariff (1 July 2013) | Current Tariff (1 July 2012) |
|--|---------------------------------|---------------------------------|
| | R | R |
| Domestic Consumers | 90 | 85 |
| Business: | | |
| - Bulk | 2 915 | 2 760 |
| - Small | 351 | 332 |
| Governmental Institutions: | | |
| Hospitals/Clinics | 2 915 | 2 760 |
| - Educational | 2 915 | 2 760 |
| - Other | 2 915 | 2 760 |
| Market Stalls | 95 | 90 |
| Hall Rental (Refundable Deposit of R300) | 1 780 | 1 685.00 |
| Billboards | 517 | 490 |

Table 6 Summary of operating expenditure by standard classification item

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 17 786 | 22 956 | 29 888 | 42 043 | 37 196 | 37 196 | 37 196 | 39 757 | 42 301 | 45 008 |
| Remuneration of councillors | | 8 087 | 7 390 | 8 855 | 9 614 | 10 416 | 10 416 | 10 416 | 10 427 | 10 948 | 11 495 |
| Debt impairment | 3 | 3 549 | 5 990 | 1 508 | 923 | 923 | 923 | 923 | 974 | 1 027 | 1 082 |
| Depreciation & asset impairment | 2 | 3 180 | 4 375 | 10 524 | 3 299 | 3 299 | 3 299 | 3 299 | 3 478 | 3 661 | 3 853 |
| Finance charges | | 470 | 276 | 488 | 2 220 | 178 | 178 | 178 | 1 125 | 1 104 | 1 081 |
| Bulk purchases | 2 | - | - | - | - | - | - | - | - | - | - |
| Other materials | 8 | - | - | - | - | - | - | - | - | - | - |
| Contracted services | | 2 264 | 3 069 | 3 682 | 4 325 | 4 559 | 4 559 | 4 559 | 6 745 | 7 109 | 7 493 |
| Transfers and grants | | - | - | 31 | 20 094 | 94 | 94 | 94 | 99 | 105 | 110 |
| Other expenditure | 4, 5 | 17 385 | 27 314 | 30 562 | 29 653 | 25 968 | 25 968 | 25 968 | 28 669 | 29 360 | 30 901 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 52 721 | 71 370 | 85 538 | 112 170 | 82 633 | 82 633 | 82 633 | 91 275 | 95 615 | 101 024 |

The budgeted allocation for employee related costs for the 2013/14 financial year totals R39.7 million, which equals 43.5% of the total operating expenditure. Based on circular 67, salary increases have been factored into this budget at a percentage increase of 6.85% for the 2013/14 financial year. Compared to 2012/13 employee related costs have increased by 6.9%

partly due to provision for additional employees required to fill vacant critical posts. An annual increase of 6.4% has been included in the two outer years of the MTREF as per the agreement between SALGA and Trade Unions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). It should be noted that the MEC for COGTA has only approved 95% of the remuneration packages applicable to grade 3 municipalities and that has been used as basis of budgeting for councilor's allowances in the 2013/14 financial year. A percentage increase of 5.5% for the 2013/14 financial and the two outer years have been factored into the budget.

The provision of debt impairment was determined based on an annual collection rate of 60 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R974 thousand and increases up to R1.82 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R3.380 million for the 2013/14 financial and equates to 3.70% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years and going forward.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.23% (R1.125million) of operating expenditure. This is due to long-term finance the municipality intends to source for the funding in respect of the construction of municipal offices and vehicle purchases.

Contracted services comprise budgeted expenditure for security services and waste management services. In the 2013/14 financial year, this group of expenditure totals R6.745 million or 7.3%. For the two outer years growth has been limited to 7.4% and 7.4%.

Transfers and grants of R99 thousand relates to the provision for 50kwv free basic electricity (FBE). The above provision is anticipated to increase after additional beneficiaries has been identified.

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The budget has been limited to R20.2 million for 2013/14 and R21.0 million and R22.1 million for the two outer years.

1.4.3 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|---------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year 2014/15 | Budget Year 2015/16 |
| Repairs and maintenance expenditure by Asset Class | | | | | | | | | |
| Infrastructure - Road transport | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Total Infrastructure | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Other assets | | | | | | | | | |
| General vehicles | 399 | 593 | 447 | 1 373 | 1 373 | 1 373 | 1 450 | 1 529 | 1 611 |
| Specialised vehicles | | | | | | | | | |
| Plant & equipment | 0 | 5 | 40 | 211 | 211 | 211 | 223 | 235 | 248 |
| Computers - hardware/equipment | 30 | 62 | 39 | 90 | 90 | 90 | 30 | 31 | 33 |
| Furniture and other office equipment | 166 | | 200 | | | | | | |
| Civil Buildings | | 515 | 216 | 1 237 | 1 325 | 1 325 | 3 956 | 4 012 | 4228 |
| Total Repairs and Maintenance Expenditure | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 8 404 | 8 310 | 8 758 |

The infrastructure relating to electricity, water and sanitation is now the responsibility of the District Municipality. The total allocation for 2013/14 equates to R8.404 million and R8.310 million and R8.758 million for 2014/15 and 2015/16 respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 9.2% for 2013/14 and 8.7% and 8.7% for the two outer years of the MTREF.

Road Infrastructure has been allocated R2.248 million of total repairs and maintenance equating to 32.6% for the 2013/14 financial year. 47.1% or R3.956 million of total repairs and maintenance for 2013/14 financial year will be spent on civil buildings.

1.4.4 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 80 000 or more indigent households during the 2013/14 financial year, a process reviewed annually. Details relating to free services, cost of free basis services as well as basic service delivery measurement is contained in Table 21 SA10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 82013/14 Medium-term capital budget per vote

| Vote Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| <i>Governance and administration</i> | | 743 | 2 079 | 36 486 | 41 990 | 1 153 | 1 153 | 1 153 | 22 190 | 20 000 | 10 000 |
| Executive and council | | 423 | 9 | 29 | 600 | 780 | 780 | 780 | 685 | - | - |
| Budget and treasury office | | 95 | 978 | 33 967 | 15 | 42 | 42 | 42 | 130 | - | - |
| Corporate services | | 225 | 1 092 | 2 490 | 41 375 | 331 | 331 | 331 | 21 375 | 20 000 | 10 000 |
| <i>Community and public safety</i> | | 653 | 17 | 42 | 403 | 804 | 804 | 804 | 3 383 | - | 1 000 |
| Community and social services | | 18 | 17 | 32 | 45 | 595 | 595 | 595 | 3 383 | - | 1 000 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - |
| Public safety | | 635 | - | 10 | 358 | 209 | 209 | 209 | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 9 681 | 32 493 | 26 083 | 54 511 | 78 896 | 78 896 | 78 896 | 69 570 | 53 831 | 50 820 |
| Planning and development | | 9 681 | 32 493 | 26 083 | 47 669 | 72 053 | 72 053 | 72 053 | 63 050 | 49 831 | 46 820 |
| Road transport | | - | - | - | 6 843 | 6 843 | 6 843 | 6 843 | 6 520 | 4 000 | 4 000 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 315 | 223 | 169 | 465 | 465 | 465 | 465 | 532 | - | - |
| Electricity | | - | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - | - |
| Waste management | | 315 | 223 | 169 | 465 | 465 | 465 | 465 | 532 | - | - |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 3 | 11 392 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |

For 2013/14 an amount of R61.4 million has been appropriated for the development of infrastructure and community assets which represents 64.0% of the total capital budget. In the outer years this amount totals R49.8 million and R46.8 million respectively for each of the financial years. Corporate Services receives an allocation of R20.0 million in 2013/14 which equates to 18.6% of the capital budget for the construction of municipal offices.

Total new assets represent 80.8% or R87.025 million of the total capital budget while asset renewal equates to 19.1% or R20.650million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the projects to be undertaken over the medium-term includes, amongst others:

1. NDPG funding of R26.1 will be channeled towards finalization of the following project:
 - Upgrading of the Taxi and Bus Rank (including trading stalls)
 - Rehabilitation of main entry road (R66)
2. R8m for the electrification of rural areas – Wards to be prioritized should be identified
3. Construction of new administration offices – R20 million;
4. Construction of recreational facilities (sports fields) – R3,3 million;
5. Construction of rural roads – R20.9 million;
6. Construction of community halls – R3.032 million
7. Construction of phase 2 of the vehicle testing center – R6million

National Treasury stopped the continuation of the two projects namely, Museum and By-pass road and they will be continued when the municipality has been advised to do so and funding available.

1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

KZN265 Nongoma - Table A1 Consolidated Budget Summary

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Financial Performance | | | | | | | | | | |
| Property rates | 3 985 | 3 508 | 6 973 | 7 708 | 9 220 | 9 220 | 9 220 | 9 773 | 10 359 | 10 981 |
| Service charges | 571 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Investment revenue | – | 307 | 404 | 456 | 456 | 456 | 456 | 482 | 508 | 535 |
| Transfers recognised - operational | 43 691 | 52 575 | 55 641 | 95 847 | 77 787 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| Other own revenue | 2 337 | 1 972 | 1 443 | 3 835 | 1 616 | 1 616 | 1 616 | 2 665 | 2 809 | 2 961 |
| Total Revenue (excluding capital transfers and contributions) | 50 584 | 59 374 | 65 931 | 109 414 | 90 647 | 90 647 | 90 647 | 99 959 | 115 502 | 144 141 |
| Employee costs | 17 786 | 22 956 | 29 888 | 42 043 | 37 196 | 37 196 | 37 196 | 39 757 | 42 301 | 45 008 |
| Remuneration of councillors | 8 087 | 7 390 | 8 855 | 9 614 | 10 416 | 10 416 | 10 416 | 10 427 | 10 948 | 11 495 |
| Depreciation & asset impairment | 3 180 | 4 375 | 10 524 | 3 299 | 3 299 | 3 299 | 3 299 | 3 478 | 3 661 | 3 853 |
| Finance charges | 470 | 276 | 488 | 2 220 | 178 | 178 | 178 | 1 126 | 1 104 | 1 081 |
| Materials and bulk purchases | – | – | – | – | – | – | – | – | – | – |
| Transfers and grants | – | – | 31 | 20 094 | 94 | 94 | 94 | 99 | 105 | 110 |
| Other expenditure | 23 198 | 36 373 | 35 753 | 34 900 | 31 449 | 31 449 | 31 450 | 36 389 | 37 497 | 39 476 |
| Total Expenditure | 52 721 | 71 371 | 85 539 | 112 169 | 82 632 | 82 632 | 82 633 | 91 275 | 95 615 | 101 024 |
| Surplus/(Deficit) | (2 137) | (11 997) | (19 608) | (2 755) | 8 015 | 8 015 | 8 015 | 8 684 | 19 887 | 43 117 |
| Transfers recognised - capital | 11 496 | 36 240 | 63 384 | 45 868 | 72 868 | 72 868 | 72 868 | 61 443 | 49 831 | 46 820 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 11 392 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |
| Transfers recognised - capital | 9 681 | 32 049 | 59 983 | 45 868 | 72 368 | 72 368 | 72 368 | 61 443 | 49 831 | 46 820 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | 50 072 | 7 050 | 7 050 | 7 050 | 30 672 | 10 000 | – |
| Internally generated funds | 1 729 | 2 763 | 2 797 | 1 429 | 1 900 | 1 900 | 1 900 | 3 560 | 14 000 | 15 000 |
| Total sources of capital funds | 11 410 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |
| Financial position | | | | | | | | | | |
| Total current assets | 21 566 | 9 320 | 11 160 | 15 493 | 10 598 | 10 598 | 10 598 | 12 527 | 20 409 | 49 424 |
| Total non current assets | 55 724 | 86 058 | 143 272 | 247 577 | 232 028 | 232 028 | 232 028 | 324 224 | 394 394 | 452 361 |
| Total current liabilities | 13 755 | 21 742 | 31 459 | 19 073 | 15 553 | 15 553 | 15 553 | 17 609 | 16 992 | 17 929 |
| Total non current liabilities | 6 694 | 4 253 | 6 227 | 48 769 | 11 846 | 11 846 | 11 846 | 39 441 | 48 230 | 46 970 |
| Community wealth/Equity | 56 840 | 69 383 | 116 747 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 7 486 | 26 004 | 55 872 | 60 426 | 81 521 | 81 521 | 81 521 | 72 078 | 75 472 | 91 448 |
| Net cash from (used) investing | (11 446) | (34 195) | (62 921) | (97 369) | (81 818) | (81 818) | (81 818) | (95 675) | (73 831) | (61 820) |
| Net cash from (used) financing | 13 989 | (445) | 1 004 | 47 833 | 6 709 | 6 709 | 6 709 | 28 400 | 7 707 | (2 317) |
| Cash/cash equivalents at the year end | 9 433 | 797 | (5 249) | 6 795 | 1 163 | 1 163 | 1 163 | 5 966 | 15 314 | 42 625 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 9 434 | 797 | (5 248) | 6 795 | 1 163 | 1 163 | 1 163 | 5 966 | 15 314 | 42 625 |
| Application of cash and investments | 7 974 | 16 363 | 21 407 | 5 495 | 5 327 | 5 327 | 5 327 | 6 837 | 8 165 | 8 725 |
| Balance - surplus (shortfall) | 1 460 | (15 566) | (26 656) | 1 300 | (4 165) | (4 165) | (4 165) | (871) | 7 149 | 33 900 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 55 669 | 86 058 | 143 272 | 247 577 | 232 028 | 232 028 | 324 224 | 324 224 | 394 394 | 452 361 |
| Depreciation & asset impairment | 3 180 | 4 375 | 10 524 | 3 299 | 3 299 | 3 299 | 3 478 | 3 478 | 3 661 | 3 853 |
| Renewal of Existing Assets | – | – | – | 40 600 | 600 | 600 | 600 | 20 650 | 20 000 | 10 000 |
| Repairs and Maintenance | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 8 404 | 8 404 | 8 310 | 8 758 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | – | 67 | 31 | 94 | 94 | 94 | 99 | 99 | 105 | 110 |
| Revenue cost of free services provided | 3 | 3 | 612 | 163 | 163 | 163 | 1 101 | 1 101 | 939 | 996 |
| Households below minimum service level | | | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – | – | – |
| Sanitation/sewerage: | 20 | 20 | 20 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Energy: | – | – | – | – | – | – | – | – | – | – |
| Refuse: | 39 | 39 | 39 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table A9) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 10MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN265 Nongoma - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 49 371 | 57 190 | 63 082 | 83 364 | 86 520 | 86 520 | 94 274 | 110 266 | 138 946 |
| Executive and council | | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | | 49 371 | 56 918 | 63 082 | 83 364 | 86 350 | 86 350 | 94 094 | 110 077 | 138 747 |
| Corporate services | | - | 272 | - | - | 170 | 170 | 180 | 189 | 199 |
| <i>Community and public safety</i> | | 750 | 1 081 | 352 | 1 376 | 611 | 611 | 790 | 833 | 873 |
| Community and social services | | 1 | 312 | 168 | 497 | 343 | 343 | 738 | 777 | 814 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 749 | 770 | 184 | 879 | 268 | 268 | 53 | 56 | 59 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 11 509 | 36 251 | 63 999 | 68 925 | 73 766 | 73 766 | 64 633 | 52 439 | 49 253 |
| Planning and development | | 11 509 | 36 251 | 5 | 66 915 | 72 942 | 72 942 | 62 623 | 50 320 | 47 020 |
| Road transport | | - | - | 63 993 | 2 010 | 824 | 824 | 2 010 | 2 119 | 2 233 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Electricity | | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| <i>Other</i> | 4 | - | 80 | - | 50 | 50 | 50 | 50 | 50 | 50 |
| Total Revenue - Standard | 2 | 62 080 | 95 614 | 128 902 | 155 282 | 162 515 | 162 515 | 161 402 | 165 333 | 190 961 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 42 388 | 51 610 | 48 203 | 51 187 | 46 510 | 46 510 | 53 292 | 56 224 | 59 324 |
| Executive and council | | 13 279 | 10 204 | 13 824 | 15 025 | 13 995 | 13 995 | 14 496 | 15 258 | 16 060 |
| Budget and treasury office | | 20 887 | 26 811 | 19 978 | 18 330 | 15 872 | 15 872 | 18 270 | 19 242 | 20 271 |
| Corporate services | | 8 222 | 14 595 | 14 401 | 17 832 | 16 643 | 16 643 | 20 526 | 21 724 | 22 993 |
| <i>Community and public safety</i> | | 2 320 | 4 086 | 9 856 | 13 460 | 11 063 | 11 063 | 11 848 | 12 245 | 12 930 |
| Community and social services | | 291 | 1 090 | 6 292 | 6 346 | 6 162 | 6 162 | 6 373 | 6 695 | 7 037 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 2 029 | 2 996 | 3 564 | 7 115 | 4 901 | 4 901 | 5 475 | 5 549 | 5 894 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 2 922 | 5 335 | 17 466 | 34 869 | 13 191 | 13 191 | 14 939 | 15 717 | 16 648 |
| Planning and development | | 2 653 | 4 530 | 5 533 | 30 724 | 8 060 | 8 060 | 9 484 | 9 937 | 10 523 |
| Road transport | | 269 | 805 | 11 933 | 4 145 | 5 131 | 5 131 | 5 455 | 5 780 | 6 124 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 5 091 | 9 921 | 8 722 | 11 072 | 9 455 | 9 455 | 10 116 | 10 730 | 11 381 |
| Electricity | | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 5 091 | 9 921 | 8 722 | 11 072 | 9 455 | 9 455 | 10 116 | 10 730 | 11 381 |
| <i>Other</i> | 4 | - | 418 | 879 | 1 582 | 1 413 | 1 413 | 1 080 | 699 | 741 |
| Total Expenditure - Standard | 3 | 52 721 | 71 370 | 85 126 | 112 170 | 81 632 | 81 632 | 91 275 | 95 615 | 101 024 |
| Surplus/(Deficit) for the year | | 9 359 | 24 244 | 43 776 | 43 112 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN265 Nongoma - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Governance and Administration | | – | – | – | – | – | – | – | – | – |
| Vote 2 - Financial Services | | 49 371 | 56 918 | 63 082 | 83 364 | 86 350 | 86 350 | 94 094 | 110 077 | 138 747 |
| Vote 3 - Corporate Services | | – | 272 | – | – | 170 | 170 | 180 | 189 | 199 |
| Vote 4 - Sport, Recreation and Community Services | | 1 | 312 | 168 | 497 | 344 | 344 | 738 | 777 | 814 |
| Vote 5 - Economic and Environmental Services | | 11 509 | 36 251 | 63 998 | 66 915 | 72 942 | 72 942 | 62 623 | 50 320 | 47 020 |
| Vote 6 - Transport and Roads | | – | – | – | 2 010 | 824 | 824 | 2 010 | 2 119 | 2 233 |
| Vote 7 - Safety and Security | | 749 | 770 | 184 | 879 | 268 | 268 | 53 | 56 | 59 |
| Vote 8 - Solid Waste Management | | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Vote 9 - Tourism and Sports | | – | 80 | – | 50 | 50 | 50 | 50 | 50 | 50 |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |
| Total Revenue by Vote | 2 | 62 080 | 95 614 | 128 902 | 155 282 | 162 515 | 162 515 | 161 402 | 165 333 | 190 961 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Governance and Administration | | 13 279 | 10 204 | 13 824 | 15 025 | 13 994 | 13 994 | 14 496 | 15 258 | 16 060 |
| Vote 2 - Financial Services | | 20 887 | 26 811 | 19 978 | 18 330 | 15 872 | 15 872 | 18 270 | 19 242 | 20 271 |
| Vote 3 - Corporate Services | | 8 222 | 14 595 | 14 401 | 17 832 | 16 644 | 16 644 | 20 526 | 21 724 | 22 993 |
| Vote 4 - Sport, Recreation and Community Services | | 291 | 1 090 | 6 292 | 6 346 | 6 162 | 6 162 | 6 373 | 6 695 | 7 037 |
| Vote 5 - Economic and Environmental Services | | 2 653 | 4 530 | 5 533 | 30 724 | 8 033 | 8 033 | 9 484 | 9 937 | 10 523 |
| Vote 6 - Transport and Roads | | 269 | 805 | 11 933 | 4 145 | 5 132 | 5 132 | 5 455 | 5 780 | 6 124 |
| Vote 7 - Safety and Security | | 2 029 | 2 996 | 3 564 | 7 115 | 4 902 | 4 902 | 5 475 | 5 549 | 5 894 |
| Vote 8 - Solid Waste Management | | 5 091 | 9 921 | 8 722 | 11 072 | 9 455 | 9 455 | 10 116 | 10 730 | 11 381 |
| Vote 9 - Tourism and Sports | | – | 418 | 879 | 1 582 | 1 440 | 1 440 | 1 080 | 699 | 741 |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |
| Total Expenditure by Vote | 2 | 52 721 | 71 370 | 85 126 | 112 170 | 81 633 | 81 633 | 91 275 | 95 615 | 101 024 |
| Surplus/(Deficit) for the year | 2 | 9 359 | 24 244 | 43 776 | 43 112 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the waste management services.

Table 12 MBRTable A4 - Budgeted Financial Performance (revenue and expenditure)

KZN265 Nongoma - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 3 594 | 2 755 | 5 758 | 6 423 | 7 934 | 7 934 | 7 934 | 8 411 | 8 915 | 9 450 |
| Property rates - penalties & collection charges | | 391 | 753 | 1 215 | 1 285 | 1 285 | 1 285 | 1 285 | 1 363 | 1 444 | 1 531 |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Service charges - other | | 120 | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 266 | - | 139 | 324 | 136 | 136 | 136 | 186 | 196 | 207 |
| Interest earned - external investments | | - | 307 | 404 | 456 | 456 | 456 | 456 | 482 | 508 | 535 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines | | 25 | 30 | 96 | 81 | 50 | 50 | 50 | 67 | 71 | 75 |
| Licences and permits | | 724 | 740 | 723 | 2 807 | 824 | 824 | 824 | 2 010 | 2 119 | 2 233 |
| Agency services | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | | 43 691 | 52 575 | 55 641 | 95 847 | 77 787 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| Other revenue | 2 | 1 323 | 1 180 | 485 | 623 | 606 | 606 | 606 | 401 | 423 | 446 |
| Gains on disposal of PPE | | - | 22 | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 50 584 | 59 374 | 65 931 | 109 414 | 90 647 | 90 647 | 90 647 | 99 959 | 115 502 | 144 141 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 17 786 | 22 956 | 29 888 | 42 043 | 37 196 | 37 196 | 37 196 | 39 757 | 42 301 | 45 008 |
| Remuneration of councillors | | 8 087 | 7 390 | 8 855 | 9 614 | 10 416 | 10 416 | 10 416 | 10 427 | 10 948 | 11 495 |
| Debt impairment | 3 | 3 549 | 5 990 | 1 508 | 923 | 923 | 923 | 923 | 974 | 1 027 | 1 082 |
| Depreciation & asset impairment | 2 | 3 180 | 4 375 | 10 524 | 3 299 | 3 299 | 3 299 | 3 299 | 3 478 | 3 661 | 3 853 |
| Finance charges | | 470 | 276 | 488 | 2 220 | 178 | 178 | 178 | 1 126 | 1 104 | 1 081 |
| Bulk purchases | 2 | - | - | - | - | - | - | - | - | - | - |
| Other materials | 8 | - | - | - | - | - | - | - | - | - | - |
| Contracted services | | 2 264 | 3 069 | 3 682 | 4 325 | 9 807 | 9 807 | 9 807 | 15 149 | 15 419 | 16 251 |
| Transfers and grants | | - | - | 31 | 20 094 | 94 | 94 | 94 | 99 | 105 | 110 |
| Other expenditure | 4, 5 | 17 385 | 27 314 | 30 563 | 29 653 | 20 720 | 20 720 | 20 720 | 20 266 | 21 051 | 22 142 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 52 721 | 71 371 | 85 539 | 112 169 | 82 632 | 82 632 | 82 633 | 91 275 | 95 615 | 101 024 |
| Surplus/(Deficit) | | (2 137) | (11 997) | (19 608) | (2 755) | 8 015 | 8 015 | 8 015 | 8 684 | 19 887 | 43 117 |
| Transfers recognised - capital | | 11 496 | 36 240 | 63 384 | 45 868 | 72 868 | 72 868 | 72 868 | 61 443 | 49 831 | 46 820 |
| Contributions recognised - capital | | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Taxation | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Attributable to minorities | | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Share of surplus/ (deficit) of associate | 7 | | | | | | | | | | |
| Surplus/(Deficit) for the year | | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R99.9 million in 2013/14 and increases to R144.1 million by 2015/16. The significant increase throughout the MTREF mainly is due to an increasing allocation for the equitable share.

1. Revenue to be generated from property rates is R8.4 million in the 2013/14 financial year which represents 8.4% of the operating revenue base of the Municipality and R9.5 million by 2015/16. Beside the annual inflation adjustment, the transfer of residential properties to the new owners is expected to generate additional property rates revenue. The assessment of rates to the new public works properties – schools previously not assessed – is anticipated to bring more revenue to the municipality.
2. Services charges relating to refuse removal constitutes 1.6% or R1.65 million of the operating revenue budget for the 2013/14 financial year and increasing to R1.84 million by 2015/16.
3. The drivers testing center is expected to be functional in 2013/14 financial year. License and permits are, therefore, expected to generate R2.010 million in 2013/14 and increasing to R2.2 million in 2015/16.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9.8%, 17.2% and 24.7% for 2013/14 and two outer years respectively.
5. Employee related cost is the main cost-driver within the municipality. Salaries and wages have increased significantly over the 2013/14 to 2015/16 period escalating from R39.757 million to R45.008 million.
6. General expenses have increased from R20.3 million in 2013/14 to R22.1 in 2015/16.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN265 Nongoma - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital expenditure - Vote | 2 | | | | | | | | | | |
| <i>Multi-year expenditure, to be appropriated</i> | | | | | | | | | | | |
| Vote 1 - Governance and Administration | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Financial Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Corporate Services | | - | - | - | - | - | - | - | 20 000 | 20 000 | 10 000 |
| Vote 4 - Sport, Recreation and Community Services | | - | - | - | - | 500 | 500 | 500 | 500 | - | - |
| Vote 5 - Economic and Environmental Services | | 6 645 | 32 049 | 59 983 | 45 868 | 71 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Vote 6 - Transport and Roads | | - | - | - | - | - | - | - | 6 000 | 4 000 | 4 000 |
| Vote 7 - Safety and Security | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Solid Waste Management | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Tourism and Sports | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | 6 645 | 32 049 | 59 983 | 45 868 | 72 368 | 72 368 | 72 368 | 87 943 | 73 831 | 60 820 |
| <i>Single-year expenditure, to be appropriated</i> | 2 | | | | | | | | | | |
| Vote 1 - Governance and Administration | | 423 | 9 | 730 | 600 | 780 | 780 | 780 | 685 | - | - |
| Vote 2 - Financial Services | | 95 | 978 | 11 | 15 | 42 | 42 | 42 | 130 | - | - |
| Vote 3 - Corporate Services | | 225 | 1 092 | 575 | 41 375 | 331 | 331 | 331 | 1 375 | - | - |
| Vote 4 - Sport, Recreation and Community Services | | 36 | 17 | 18 | 45 | 95 | 95 | 95 | 2 883 | - | 1 000 |
| Vote 5 - Economic and Environmental Services | | - | 444 | 65 | 1 801 | 185 | 185 | 185 | 1 607 | - | - |
| Vote 6 - Transport and Roads | | 3 035 | - | - | 6 843 | 6 843 | 6 843 | 6 843 | 520 | - | - |
| Vote 7 - Safety and Security | | 635 | - | 26 | 358 | 209 | 209 | 209 | - | - | - |
| Vote 8 - Solid Waste Management | | 315 | 223 | 1 373 | 465 | 465 | 465 | 465 | 532 | - | - |
| Vote 9 - Tourism and Sports | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 4 764 | 2 763 | 2 797 | 51 501 | 8 950 | 8 950 | 8 950 | 7 732 | - | 1 000 |
| Total Capital Expenditure - Vote | | 11 410 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| <i>Governance and administration</i> | | 743 | 2 079 | 36 486 | 41 990 | 1 153 | 1 153 | 1 153 | 22 190 | 20 000 | 10 000 |
| Executive and council | | 423 | 9 | 29 | 600 | 780 | 780 | 780 | 685 | - | - |
| Budget and treasury office | | 95 | 978 | 33 967 | 15 | 42 | 42 | 42 | 130 | - | - |
| Corporate services | | 225 | 1 092 | 2 490 | 41 375 | 331 | 331 | 331 | 21 375 | 20 000 | 10 000 |
| <i>Community and public safety</i> | | 653 | 17 | 42 | 403 | 804 | 804 | 804 | 3 383 | - | 1 000 |
| Community and social services | | 18 | 17 | 32 | 45 | 595 | 595 | 595 | 3 383 | - | 1 000 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - |
| Public safety | | 635 | - | 10 | 358 | 209 | 209 | 209 | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 9 681 | 32 493 | 26 083 | 54 511 | 78 896 | 78 896 | 78 896 | 69 570 | 53 831 | 50 820 |
| Planning and development | | 9 681 | 32 493 | 26 083 | 47 669 | 72 053 | 72 053 | 72 053 | 63 050 | 49 831 | 46 820 |
| Road transport | | - | - | - | 6 843 | 6 843 | 6 843 | 6 843 | 6 520 | 4 000 | 4 000 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 315 | 223 | 169 | 465 | 465 | 465 | 465 | 532 | - | - |
| Electricity | | - | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - | - |
| Waste management | | 315 | 223 | 169 | 465 | 465 | 465 | 465 | 532 | - | - |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 3 | 11 392 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |
| Funded by: | | | | | | | | | | | |
| National Government | | 9 681 | 32 049 | 59 983 | 45 868 | 71 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Provincial Government | | - | - | - | - | 500 | 500 | 500 | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 9 681 | 32 049 | 59 983 | 45 868 | 72 368 | 72 368 | 72 368 | 61 443 | 49 831 | 46 820 |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | 50 072 | 7 050 | 7 050 | 7 050 | 30 672 | 10 000 | - |
| Internally generated funds | | 1 729 | 2 763 | 2 797 | 1 429 | 1 900 | 1 900 | 1 900 | 3 560 | 14 000 | 15 000 |
| Total Capital Funding | 7 | 11 410 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R87.9 million has been allocated of the total R95.6 million capital budget, which totals 91.0%. This allocation decreases to R73.831 million in 2014/15 and then decreases to R60.820 million in 2015/16 owing primarily to the fact that various projects reach completion in 2012/13 hence the decrease in expenditure in year two and three.
3. Single-year capital expenditure has been appropriated at R7.732 million for the 2013/14 financial year and decreases to R1 million in 2015/16.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The capital programme is funded from national capital grants, borrowings and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R61.4 million and decrease to R49.8 million by 2014/15 and decrease to R46.8 in 2015/16. Borrowing has been provided at R30.672 million in 2013/14 mainly for the construction of office buildings and the acquisition of motor vehicles. Internally generated funding amount to R3.560 million, R14 million and R15 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 14 MBRR Table A6 -Budgeted Financial Position

KZN265 Nongoma - Table A6 Consolidated Budgeted Financial Position

| Description | | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| ASSETS | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash | | | 8 884 | 213 | 888 | 5 129 | – | – | – | 3 818 | 12 658 | 39 433 |
| Call investment deposits | 1 | | 550 | 584 | – | 1 666 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |
| Consumer debtors | 1 | | 4 496 | 6 601 | 8 734 | 6 777 | 7 011 | 7 011 | 7 011 | 4 640 | 3 175 | 4 879 |
| Other debtors | | | 7 636 | 1 921 | 1 538 | 1 921 | 1 921 | 1 921 | 1 921 | 1 921 | 1 921 | 1 921 |
| Current portion of long-term receivables | | | – | – | – | – | – | – | – | – | – | – |
| Inventory | 2 | | – | – | – | – | – | – | – | – | – | – |
| Total current assets | | | 21 566 | 9 320 | 11 160 | 15 493 | 10 598 | 10 598 | 10 598 | 12 527 | 20 409 | 49 424 |
| Non current assets | | | | | | | | | | | | |
| Long-term receivables | | | 54 | – | – | – | – | – | – | – | – | – |
| Investments | | | – | – | – | – | – | – | – | – | – | – |
| Investment property | | | – | – | – | – | – | – | – | – | – | – |
| Investment in Associate | | | – | – | – | – | – | – | – | – | – | – |
| Property, plant and equipment | 3 | | 55 645 | 85 522 | 142 666 | 247 238 | 231 688 | 231 688 | 231 688 | 323 982 | 394 250 | 452 315 |
| Agricultural | | | – | – | – | – | – | – | – | – | – | – |
| Biological | | | – | – | – | – | – | – | – | – | – | – |
| Intangible | | | 25 | 536 | 605 | 340 | 340 | 340 | 340 | 242 | 144 | 46 |
| Other non-current assets | | | – | – | – | – | – | – | – | – | – | – |
| Total non current assets | | | 55 724 | 86 058 | 143 272 | 247 577 | 232 028 | 232 028 | 232 028 | 324 224 | 394 394 | 452 361 |
| TOTAL ASSETS | | | 77 290 | 95 378 | 154 432 | 263 071 | 242 626 | 242 626 | 242 626 | 336 751 | 414 803 | 501 785 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Bank overdraft | 1 | | – | – | 6 136 | – | 504 | 504 | 504 | – | – | – |
| Borrowing | 4 | | 458 | 303 | 252 | 4 364 | 341 | 341 | 341 | 2 272 | 2 293 | 2 317 |
| Consumer deposits | | | – | – | – | – | – | – | – | – | – | – |
| Trade and other payables | 4 | | 13 297 | 20 150 | 25 070 | 13 420 | 13 420 | 13 420 | 13 420 | 14 048 | 13 410 | 14 324 |
| Provisions | | | – | 1 289 | – | 1 289 | 1 289 | 1 289 | 1 289 | 1 289 | 1 289 | 1 289 |
| Total current liabilities | | | 13 755 | 21 742 | 31 459 | 19 073 | 15 553 | 15 553 | 15 553 | 17 609 | 16 992 | 17 929 |
| Non current liabilities | | | | | | | | | | | | |
| Borrowing | | | 305 | – | 1 330 | 44 516 | 7 593 | 7 593 | 7 593 | 35 188 | 43 977 | 42 717 |
| Provisions | | | 6 389 | 4 253 | 4 896 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 |
| Total non current liabilities | | | 6 694 | 4 253 | 6 227 | 48 769 | 11 846 | 11 846 | 11 846 | 39 441 | 48 230 | 46 970 |
| TOTAL LIABILITIES | | | 20 449 | 25 995 | 37 685 | 67 842 | 27 399 | 27 399 | 27 399 | 57 049 | 65 221 | 64 899 |
| NET ASSETS | 5 | | 56 840 | 69 383 | 116 747 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | 56 840 | 69 383 | 116 747 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |
| Reserves | 4 | | – | – | – | – | – | – | – | – | – | – |
| Minorities' interests | | | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | | 56 840 | 69 383 | 116 747 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15MBRRTable A7 - Budgeted Cash Flow Statement

KZN265 Nongoma - Table A7 Consolidated Budgeted Cash Flows

| Description | | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| | | | 3 011 | 2 875 | 3 525 | 11 946 | 11 239 | 11 239 | 11 239 | 15 491 | 15 351 | 12 994 |
| | | 1 | 43 691 | 52 575 | 55 641 | 95 847 | 77 787 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| | | 1 | 11 496 | 36 240 | 63 384 | 45 868 | 72 868 | 72 868 | 72 868 | 61 443 | 49 831 | 46 820 |
| | | | 657 | 307 | 1 619 | 456 | 456 | 456 | 456 | 482 | 508 | 535 |
| | | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | |
| | | | (50 898) | (65 718) | (67 809) | (91 471) | (80 650) | (80 650) | (80 650) | (89 596) | (89 195) | (95 646) |
| | | | (470) | (276) | (488) | (2 220) | (179) | (179) | (179) | (1 125) | (1 104) | (1 081) |
| | | 1 | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | | 7 486 | 26 004 | 55 872 | 60 426 | 81 521 | 81 521 | 81 521 | 72 078 | 75 472 | 91 448 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| | | | - | 68 | - | - | - | - | - | - | - | - |
| | | | (54) | - | - | - | - | - | - | - | - | - |
| | | | - | 19 | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | |
| | | | (11 392) | (34 282) | (62 921) | (97 369) | (81 818) | (81 818) | (81 818) | (95 675) | (73 831) | (61 820) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | | (11 446) | (34 195) | (62 921) | (97 369) | (81 818) | (81 818) | (81 818) | (95 675) | (73 831) | (61 820) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| | | | - | - | - | - | - | - | - | - | - | - |
| | | | 14 460 | - | 1 166 | 52 198 | 7 050 | 7 050 | 7 050 | 30 672 | 10 000 | - |
| | | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | |
| | | | (471) | (445) | (162) | (4 364) | (341) | (341) | (341) | (2 272) | (2 293) | (2 317) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | | 13 989 | (445) | 1 004 | 47 833 | 6 709 | 6 709 | 6 709 | 28 400 | 7 707 | (2 317) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | 10 028 | (8 636) | (6 046) | 10 891 | 6 412 | 6 412 | 6 412 | 4 803 | 9 348 | 27 311 |
| | | 2 | (595) | 9 433 | 797 | (4 096) | (5 249) | (5 249) | (5 249) | 1 163 | 5 966 | 15 314 |
| | | 2 | 9 433 | 797 | (5 249) | 6 795 | 1 163 | 1 163 | 1 163 | 5 966 | 15 314 | 42 625 |

The above table shows that cash and cash equivalents of the Municipality reflect a steady positive growth from 2013/14 to 2015/16. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R5.9 million by 2013/14 and rapidly increasing to R42.6 by 2015/16.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 58 and 59 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN265 Nongoma - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 9 433 | 797 | (5 249) | 6 795 | 1 163 | 1 163 | 1 163 | 5 966 | 15 314 | 42 625 |
| Other current investments > 90 days | | 0 | 0 | 0 | 0 | (0) | (0) | (0) | - | 0 | 0 |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 9 434 | 797 | (5 248) | 6 795 | 1 163 | 1 163 | 1 163 | 5 966 | 15 314 | 42 625 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 4 308 | 3 244 | 20 | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | 3 666 | 13 120 | 21 387 | 5 495 | 5 327 | 5 327 | 5 327 | 6 837 | 8 165 | 8 725 |
| Other provisions | | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | 7 974 | 16 363 | 21 407 | 5 495 | 5 327 | 5 327 | 5 327 | 6 837 | 8 165 | 8 725 |
| Surplus(shortfall) | | 1 460 | (15 566) | (26 656) | 1 300 | (4 165) | (4 165) | (4 165) | (871) | 7 149 | 33 900 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The budget for the MTREF 2013/14 to 2014/15 is partially funded at R(0.871) million in 2013/14, however appropriately funded at R7.149 and R33.9 in 2014/15 and 2015/16 respectively.

Table 17 MBRR Table A9 - Asset Management

KZN265 Nongoma - Table A9 Consolidated Asset Management

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| <u>Total New Assets</u> | 1 | 11 392 | 34 811 | 62 780 | 56 769 | 80 718 | 80 718 | 75 025 | 53 831 | 51 820 |
| Infrastructure - Road transport | | 3 016 | 19 077 | 30 109 | 45 868 | 45 868 | 45 868 | 53 443 | 29 831 | 31 820 |
| Infrastructure - Electricity | | - | - | - | - | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | 5 437 | 16 461 | - | 500 | 500 | 500 | - | - |
| Infrastructure | | 3 016 | 24 514 | 46 569 | 45 868 | 72 368 | 72 368 | 61 943 | 49 831 | 46 820 |
| Community | | 6 870 | 7 535 | 13 582 | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | 1 506 | 1 918 | 2 628 | 10 901 | 8 350 | 8 350 | 13 082 | 4 000 | 5 000 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | 845 | - | - | - | - | - | - | - |
| <u>Total Renewal of Existing Assets</u> | 2 | - | - | - | 40 600 | 600 | 600 | 20 650 | 20 000 | 10 000 |
| Infrastructure - Road transport | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Community | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | 40 600 | 600 | 600 | 20 650 | 20 000 | 10 000 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| <u>Total Capital Expenditure</u> | 4 | - | - | - | - | - | - | - | - | - |
| Infrastructure - Road transport | | 3 016 | 19 077 | 30 109 | 45 868 | 45 868 | 45 868 | 53 443 | 29 831 | 31 820 |
| Infrastructure - Electricity | | - | - | - | - | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | 5 437 | 16 461 | - | 500 | 500 | 500 | - | - |
| Infrastructure | | 3 016 | 24 514 | 46 569 | 45 868 | 72 368 | 72 368 | 61 943 | 49 831 | 46 820 |
| Community | | 6 870 | 7 535 | 13 582 | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | 1 506 | 1 918 | 2 628 | 51 501 | 8 950 | 8 950 | 33 732 | 24 000 | 15 000 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | 845 | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 11 392 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | | | | | | | | | |
| Infrastructure - Road transport | | 6 061 | 27 514 | 24 787 | 120 905 | 120 905 | 120 905 | 175 080 | 211 697 | 241 955 |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 6 061 | 27 514 | 24 787 | 120 905 | 120 905 | 120 905 | 175 080 | 211 697 | 241 955 |
| Community | | 24 632 | - | 13 582 | 15 452 | 15 452 | 15 452 | 22 375 | 27 056 | 30 923 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | 24 952 | 58 009 | 104 298 | 110 881 | 95 331 | 95 331 | 126 527 | 155 497 | 179 437 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | 25 | 536 | 605 | 340 | 340 | 340 | 242 | 144 | 46 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 55 669 | 86 058 | 143 272 | 247 577 | 232 028 | 232 028 | 324 224 | 394 394 | 452 361 |

| | | | | | | | | | | |
|---|------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | | 3 180 | 4 375 | 10 524 | 3 299 | 3 299 | 3 299 | 3 478 | 3 661 | 3 853 |
| <u>Repairs and Maintenance by Asset Class</u> | 3 | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 8 404 | 8 310 | 8 758 |
| Infrastructure - Road transport | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Community | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6, 7 | 595 | 1 175 | 941 | 2 911 | 3 000 | 3 000 | 5 659 | 5 807 | 6 121 |
| TOTAL EXPENDITURE OTHER ITEMS | | 4 021 | 6 355 | 13 366 | 8 459 | 8 547 | 8 547 | 11 882 | 11 971 | 12 611 |
| <i>Renewal of Existing Assets as % of total capex</i> | | 0.0% | 0.0% | 0.0% | 41.7% | 0.7% | 0.7% | 21.6% | 27.1% | 16.2% |
| <i>Renewal of Existing Assets as % of deprecn"</i> | | 0.0% | 0.0% | 0.0% | 1230.7% | 18.2% | 18.2% | 593.7% | 546.3% | 259.5% |
| <i>R&M as a % of PPE</i> | | 1.5% | 2.3% | 2.0% | 2.1% | 2.3% | 2.3% | 2.6% | 2.1% | 1.9% |
| <i>Renewal and R&M as a % of PPE</i> | | 2.0% | 2.0% | 2.0% | 18.0% | 3.0% | 3.0% | 9.0% | 7.0% | 4.0% |

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal of capital assets is slightly below the National Treasury requirement of 40% at 19.2% of capital budget. The municipality does not have major assets that need to be renewed. The MIG and NDPG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is not 8% of the net asset value of the municipality's property, plant and equipment.

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Household service targets | 1 | | | | | | | | | |
| <u>Water:</u> | | | | | | | | | | |
| Piped water inside dwelling | | 1 012 | 1 012 | 1 012 | 1 085 | 1 085 | 1 085 | 1 100 | 1 100 | 1 100 |
| Piped water inside yard (but not in dwelling) | | 2 257 | 2 257 | 2 257 | 2 442 | 2 442 | 2 442 | 2 456 | 2 456 | 2 456 |
| Using public tap (at least min.service level) | 2 | 4 864 | 4 864 | 4 864 | 5 265 | 5 265 | 5 265 | 5 280 | 5 280 | 5 280 |
| Other water supply (at least min.service level) | 4 | 30 777 | 30 777 | 30 777 | 33 315 | 33 315 | 33 315 | 33 315 | 33 315 | 33 315 |
| <i>Minimum Service Level and Above sub-total</i> | | 38 910 | 38 910 | 38 910 | 42 107 | 42 107 | 42 107 | 42 151 | 42 151 | 42 151 |
| Using public tap (< min.service level) | 3 | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | 4 | - | - | - | - | - | - | - | - | - |
| No water supply | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 38 910 | 38 910 | 38 910 | 42 107 | 42 107 | 42 107 | 42 151 | 42 151 | 42 151 |
| <u>Sanitation/sewerage:</u> | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | 467 | 467 | 467 | 521 | 521 | 521 | 542 | 542 | 542 |
| Flush toilet (with septic tank) | | 195 | 195 | 195 | 216 | 216 | 216 | 227 | 227 | 227 |
| Chemical toilet | | 9 922 | 9 922 | 9 922 | 11 056 | 11 056 | 11 056 | 11 056 | 11 056 | 11 056 |
| Pit toilet (ventilated) | | 8 599 | 8 599 | 8 599 | 9 582 | 9 582 | 9 582 | 9 582 | 9 582 | 9 582 |
| Other toilet provisions (> min.service level) | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | 19 183 | 19 183 | 19 183 | 21 375 | 21 375 | 21 375 | 21 407 | 21 407 | 21 407 |
| Bucket toilet | | 133 | 133 | 133 | 135 | 135 | 135 | 135 | 135 | 135 |
| Other toilet provisions (< min.service level) | | - | - | - | - | - | - | - | - | - |
| No toilet provisions | | 19 728 | 19 728 | 19 728 | 21 353 | 21 353 | 21 353 | 21 353 | 21 353 | 21 353 |
| <i>Below Minimum Service Level sub-total</i> | | 19 861 | 19 861 | 19 861 | 21 488 | 21 488 | 21 488 | 21 488 | 21 488 | 21 488 |
| Total number of households | 5 | 39 044 | 39 044 | 39 044 | 42 863 | 42 863 | 42 863 | 42 895 | 42 895 | 42 895 |
| <u>Energy:</u> | | | | | | | | | | |
| Electricity (at least min.service level) | | 8 452 | 8 452 | 8 452 | 9 148 | 9 148 | 9 148 | 9 148 | 9 148 | 9 148 |
| Electricity - prepaid (min.service level) | | 8 591 | 8 591 | 8 591 | 9 298 | 9 298 | 9 298 | 9 298 | 9 298 | 9 298 |
| <i>Minimum Service Level and Above sub-total</i> | | 17 043 | 17 043 | 17 043 | 18 446 | 18 446 | 18 446 | 18 446 | 18 446 | 18 446 |
| Electricity (< min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - | - | - | - |
| Other energy sources | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 17 043 | 17 043 | 17 043 | 18 446 | 18 446 | 18 446 | 18 446 | 18 446 | 18 446 |
| <u>Refuse:</u> | | | | | | | | | | |
| Removed at least once a week | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Removed less frequently than once a week | | 310 | 310 | 310 | 330 | 330 | 330 | 340 | 340 | 340 |
| Using communal refuse dump | | - | - | - | - | - | - | - | - | - |
| Using own refuse dump | | 34 825 | 34 825 | 34 825 | 36 956 | 36 956 | 36 956 | 36 956 | 36 956 | 36 956 |
| Other rubbish disposal | | 3 113 | 3 113 | 3 113 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 |
| No rubbish disposal | | 351 | 351 | 351 | 372 | 372 | 372 | 372 | 372 | 372 |
| <i>Below Minimum Service Level sub-total</i> | | 38 599 | 38 599 | 38 599 | 40 961 | 40 961 | 40 961 | 40 971 | 40 971 | 40 971 |
| Total number of households | 5 | 38 599 | 38 599 | 38 599 | 40 961 | 40 961 | 40 961 | 40 971 | 40 971 | 40 971 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free minimum level service) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | - | 102 | 197 | 239 | 239 | 239 | 500 | 500 | 500 |
| Refuse (removed at least once a week) | | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | - | 67 | 31 | 94 | 94 | 94 | 99 | 105 | 110 |
| Refuse (removed once a week) | | - | - | - | - | - | - | - | - | - |
| Total cost of FBS provided (minimum social package) | | - | 67 | 31 | 94 | 94 | 94 | 99 | 105 | 110 |

| | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Highest level of free service provided | | | | | | | | | |
| Property rates (R value threshold) | - | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 |
| Water (kilolitres per household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (kilolitres per household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (Rand per household per month) | - | - | - | - | - | - | - | - | - |
| Electricity (kwh per household per month) | - | - | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | - | - | - | - | - | - | - | - | - |
| Revenue cost of free services provided (R'000) | 9 | | | | | | | | |
| Property rates (R15 000 threshold rebate) | | 3 | 3 | 612 | 162 | 162 | 162 | 162 | 162 |
| Property rates (other exemptions, reductions and rebates) | | - | - | - | 1 | 1 | 1 | 724 | 777 |
| Water | | - | - | - | - | - | - | - | - |
| Sanitation | | - | - | - | - | - | - | - | - |
| Electricity/other energy | | - | - | - | - | - | - | - | - |
| Refuse | | - | - | - | - | - | - | - | - |
| Municipal Housing - rental rebates | | - | - | - | - | - | - | - | - |
| Housing - top structure subsidies | 6 | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - |
| Total revenue cost of free services provided (total social package) | | 3 | 3 | 612 | 163 | 163 | 163 | 886 | 939 |
| | | | | | | | | 996 | |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma.

- **Electricity**

ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

- **Refuse**

There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town is almost full. However, it should be noted that in the town this function is being investigated with a view to realizing greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R99 000 in 2013/14, increasing to R110 000 in 2015/16. The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled an IDP/Budget Process Plan during August 2012 as required by the MFMA. The key dates applicable to the process were:

- **28 February 2013**—Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **25 January 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget necessity
- **28 February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget and Treasury Office. The draft 2012/13 MTREF is revised accordingly;
- **31 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** – Public consultation;
- **30 April 2013** - Closing date for written comments;
- **1 to 6 May 2013** – finalization of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The final 2013/14 MTREF as will be tabled before Council on 30 May 2013 went through public participation process which commenced shortly after its draft version was approved on the 28 March 2013.

The municipality made the draft budget available at municipal offices and municipal library for community consultation process. In addition a further consultation process will include the

invitation of the community to the IDP/Budget Road shows which took place at different places as follows:

- Lindizwe Stadium on the 16th April 2013
- Osuthu – Mahhashini on the 17th April 2013
- Matheni on the 18th April 2013
- Mandlakazi on the 19th April 2013
- Town – Nongoma Inn on the 16 May 2013

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs. Also Ward Committees played a vital role in facilitating the community consultation process.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects have been addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

In January 2010 government adopted twelve outcomes underpinning its long term development strategy as a key focus of work to be done between now and 2014. Each of the 12 outcomes has a delivery agreement that in most cases involve all spheres of government and a range of partners outside government. Combined, these agreements reflect Government's delivery and implementation plans for its foremost priorities.

The Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The outcomes-based approach further identifies the 12 desired outcomes of Government. These are:

1. Improved quality of basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities with food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Creating a better South Africa and contributing to a better and safer Africa in a better world.

12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

| 2013/14 MTREF | |
|----------------------|---|
| 1. | Provision of quality basic services and infrastructure |
| 2. | Economic growth and development that leads to sustainable job creation |
| 3.1 | Fight poverty and build clean, healthy, safe and sustainable communities |
| 3.2 | Integrated Social Services for empowered and sustainable communities |
| 4. | Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service |
| 5.1 | Promote sound governance |
| 5.2 | Ensure financial sustainability |
| 5.3 | Optimal institutional transformation to ensure capacity to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity (through Eskom)
 - Provide water (through District Municipality)
 - Provide sanitation (through District Municipality)
 - Provide solid waste removal

- Provide housing (through Department of Human Settlements)
 - Provide roads and storm water
 - Provide municipality planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Extending waste removal services and ensuring effective municipality cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimizing effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance and communication through:
- Publishing the outcomes of all tender processes and other information on the municipal website.
- 5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The draft 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide are conciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN265 Nongoma - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | | |
| <u>Property rates</u> | 6 | | | | | | | | | | |
| Total Property Rates | | 6 637 | 4 706 | 5 758 | 7 137 | 8 821 | 8 821 | 8 821 | 9 350 | 9 911 | 10 505 |
| less Revenue Foregone | | 3 044 | 1 950 | | 715 | 886 | 886 | 886 | 939 | 996 | 1 055 |
| Net Property Rates | | 3 594 | 2 755 | 5 758 | 6 423 | 7 934 | 7 934 | 7 934 | 8 411 | 8 915 | 9 450 |
| <u>Service charges - electricity revenue</u> | 6 | | | | | | | | | | |
| Total Service charges - electricity revenue | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | |
| Net Service charges - electricity revenue | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - water revenue</u> | 6 | | | | | | | | | | |
| Total Service charges - water revenue | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | |
| Net Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - sanitation revenue</u> | 6 | | | | | | | | | | |
| Total Service charges - sanitation revenue | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | |
| Net Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - |
| <u>Service charges - refuse revenue</u> | 6 | | | | | | | | | | |
| Total refuse removal revenue | | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| Total landfill revenue | | | | | | | | | | | |
| less Revenue Foregone | | | | | | | | | | | |
| Net Service charges - refuse revenue | | 451 | 1 012 | 1 470 | 1 568 | 1 568 | 1 568 | 1 568 | 1 655 | 1 745 | 1 839 |
| <u>Other Revenue by source</u> | | | | | | | | | | | |
| Gain on valuation of post retirement medical benefit | | | 272 | - | - | - | - | - | - | - | - |
| Fair value gain on fixed assets | | | 629 | 172 | - | - | - | - | - | - | - |
| Other | | 1 323 | 279 | 313 | 623 | 606 | 606 | 606 | | | |
| <u>Rates Clearance Certificates</u> | | | | | | | | | 1 | 1 | 1 |
| Tender documents | | | | | | | | | 49 | 52 | 55 |
| Photocopies | | | | | | | | | 5 | 5 | 5 |
| Building plans | | | | | | | | | 20 | 21 | 22 |
| Erf sub-division | | | | | | | | | 7 | 7 | 7 |
| Map fees | | | | | | | | | 2 | 2 | 2 |
| Empty containers | | | | | | | | | 1 | 1 | 1 |
| Sundry Income | | | | | | | | | 317 | 334 | 352 |
| Total 'Other' Revenue | 1 | 1 323 | 1 180 | 485 | 623 | 606 | 606 | 606 | 401 | 423 | 446 |

| | | | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| sub-total | 1 | 2 264 | 3 069 | 3 682 | 4 325 | 9 807 | 9 807 | 9 807 | 15 149 | 15 419 | 16 251 |
| Allocations to organs of state: | | | | | | | | | | | |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Total contracted services | | 2 264 | 3 069 | 3 682 | 4 325 | 9 807 | 9 807 | 9 807 | 15 149 | 15 419 | 16 251 |
| Other Expenditure By Type | | | | | | | | | | | |
| Collection costs | | | | 2 046 | | | | | 517 | 546 | 576 |
| Contributions to 'other' provisions | | 4 192 | 1 147 | – | – | | | | | | |
| Consultant fees | | 3 806 | 7 340 | 7 759 | 1 725 | 2 124 | 2 124 | 2 124 | 3 936 | 3 887 | 4 099 |
| Audit fees | | 1 102 | 1 353 | 1 006 | 1 025 | 1 025 | 1 025 | 1 025 | 1 082 | 1 141 | 1 202 |
| General expenses | 3 | 2 959 | 9 452 | 19 751 | 12 562 | 8 538 | 8 538 | 17 571 | 1 009 | 1 063 | 1 121 |
| Internal Audit fees | | 1 102 | 529 | – | 252 | 650 | 650 | – | 250 | 264 | 278 |
| Other materials | | 190 | – | – | – | | | | 250 | 264 | 278 |
| HIV and Aids | | 175 | 1 814 | – | 800 | 400 | 400 | | 1 000 | 1 000 | 1 000 |
| Protective Clothing | | 219 | 119 | – | 336 | 336 | | – | 408 | 430 | 453 |
| Neighbourhood Development | | 563 | – | – | – | | | | 207 | 218 | 230 |
| LED Projects | | – | 1 600 | – | 2 000 | | | | 1 260 | 1 328 | 1 400 |
| Accommodation costs | | – | – | – | – | | | | 839 | 885 | 934 |
| Catering and refreshments | | 259 | 314 | – | 348 | 282 | 282 | | 282 | 297 | 313 |
| Subsistence & Transport | | 517 | 601 | – | 2 000 | 2 473 | 2 473 | | 1 743 | 1 838 | 1 939 |
| Insurance | | 461 | 476 | – | 527 | 527 | 527 | | 556 | 588 | 621 |
| IDP Planning | | – | 400 | – | 1 500 | 814 | 814 | | 836 | 882 | 929 |
| Fuel | | 234 | 316 | – | 473 | 618 | 618 | | 653 | 688 | 725 |
| Disaster | | – | – | – | 833 | 417 | 417 | | 440 | 464 | 489 |
| Training | | 98 | 90 | – | 945 | 1 068 | 1 068 | | 1 128 | 1 189 | 1 253 |
| Printing & Stationery | | 435 | 401 | – | 659 | 260 | 260 | | 248 | 261 | 276 |
| Legal fees | | 356 | 508 | – | 667 | | | | 493 | 520 | 548 |
| Youth development | | – | – | – | 500 | 750 | 750 | | 792 | 835 | 880 |
| Ward committees | | 85 | – | – | 544 | | | | 574 | 605 | 638 |
| Disabled persons | | – | 190 | – | 528 | | | | 558 | 588 | 619 |
| Electricity & water | | 260 | 338 | – | 473 | | | | 359 | 379 | 400 |
| Software and Licences | | 35 | 23 | – | 477 | 439 | 439 | | 464 | 490 | 517 |
| Telephone | | 336 | 303 | – | 480 | | | | 383 | 404 | 426 |
| Total 'Other' Expenditure | 1 | 17 385 | 27 314 | 30 563 | 29 653 | 20 720 | 20 720 | 20 720 | 20 266 | 21 051 | 22 142 |
| by Expenditure Item | 8 | | | | | | | | | | |
| Employee related costs | | – | – | – | – | – | – | – | – | – | – |
| Other materials | | – | – | – | – | – | – | – | – | – | – |
| Contracted Services | | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 5 248 | 8 404 | 8 309 | 8 758 |
| Other Expenditure | | – | – | – | – | – | – | – | – | – | – |
| Total Repairs and Maintenance Expenditure | 9 | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 5 248 | 8 404 | 8 309 | 8 758 |

Table 20 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| Repairs and Maintenance | 8 | | | | | | | | | | |
| Employee related costs | | — | — | — | — | — | — | — | — | — | — |
| Other materials | | — | — | — | — | — | — | — | — | — | — |
| Contracted Services | | — | — | — | — | — | — | — | — | — | — |
| Other Expenditure | | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 5 248 | 8 404 | 8 309 | 8 758 |
| Total Repairs and Maintenance Expenditure | 9 | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 5 248 | 8 404 | 8 309 | 8 758 |

Table 21 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN265 Nongoma - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

| Description | Ref | Vote 1 - Governance and Administration | Vote 2 - Financial Services | Vote 3 - Corporate Services | Vote 4 - Sport, Recreation and Community Services | Vote 5 - Economic and Environmental Services | Vote 6 - Transport and Roads | Vote 7 - Safety and Security | Vote 8 - Solid Waste Management | Vote 9 - Tourism and Sports | Vote 10 - [NAME OF VOTE 10] | Vote 11 - [NAME OF VOTE 11] | Vote 12 - [NAME OF VOTE 12] | Vote 13 - [NAME OF VOTE 13] | Vote 14 - [NAME OF VOTE 14] | Vote 15 - [NAME OF VOTE 15] | Total |
|--|-----|---|-----------------------------------|-----------------------------------|--|---|------------------------------------|---------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------|
| R thousand | 1 | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | | |
| Property rates | | - | 8 411 | - | - | - | - | - | - | - | - | - | - | - | - | - | 8 411 |
| Property rates - penalties & collection charges | | - | 1 363 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 363 |
| Service charges - electricity revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | | - | - | - | - | - | - | - | 1 655 | - | - | - | - | - | - | - | 1 655 |
| Service charges - other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | - | - | - | 84 | 102 | - | - | - | - | - | - | - | - | - | - | 186 |
| Interest earned - external investments | | - | 482 | - | - | - | - | - | - | - | - | - | - | - | - | - | 482 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | | - | - | - | 14 | - | - | 53 | - | - | - | - | - | - | - | - | 67 |
| Licences and permits | | - | - | - | - | - | 2 010 | - | - | - | - | - | - | - | - | - | 2 010 |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | | - | 139 | 180 | 5 | 28 | 49 | - | - | - | - | - | - | - | - | - | 401 |
| Transfers recognised - operational | | - | 83 700 | - | 634 | - | - | 1 000 | - | 50 | - | - | - | - | - | - | 85 384 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | - | 94 094 | 180 | 738 | 130 | 2 059 | 1 053 | 1 655 | 50 | - | - | - | - | - | - | 99 959 |
| Expenditure By Type | | | | | | | | | | | | | | | | | |
| Employee related costs | | 2 092 | 6 476 | 8 996 | 3 188 | 1 700 | 6 006 | 4 196 | 6 739 | 364 | - | - | - | - | - | - | 39 757 |
| Remuneration of councillors | | 10 427 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10 427 |
| Debt impairment | | - | 974 | - | - | - | - | - | - | - | - | - | - | - | - | - | 974 |
| Depreciation & asset impairment | | - | 3 478 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 478 |
| Finance charges | | - | 1 125 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 125 |
| Bulk purchases | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other materials | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contracted services | | - | 614 | 3 546 | - | - | - | - | 2 585 | - | - | - | - | - | - | - | 6 745 |
| Transfers and grants | | 99 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 99 |
| Other expenditure | | 1 878 | 5 602 | 7 984 | 3 186 | 3 687 | 3 546 | 1 279 | 792 | 716 | - | - | - | - | - | - | 28 669 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 14 496 | 18 270 | 20 526 | 6 373 | 5 386 | 9 552 | 5 475 | 10 116 | 1 080 | - | - | - | - | - | - | 91 275 |
| Surplus/(Deficit) | | (14 496) | 75 824 | (20 346) | (5 636) | (5 256) | (7 493) | (4 422) | (8 461) | (1 030) | - | - | - | - | - | - | 8 684 |
| Transfers recognised - capital | | - | - | - | - | - | 61 443 | - | - | - | - | - | - | - | - | - | 61 443 |
| Contributions recognised - capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | (14 496) | 75 824 | (20 346) | (5 636) | (5 256) | 53 950 | (4 422) | (8 461) | (1 030) | - | - | - | - | - | - | 70 127 |

Table 22 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN265 Nongoma - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

| | | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | Ref | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| <u>Call investment deposits</u> | | | | | | | | | | | |
| Call deposits < 90 days | | 550 | 584 | | 1 666 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |
| Other current investments > 90 days | | – | – | – | – | – | – | – | – | – | – |
| Total Call investment deposits | 2 | 550 | 584 | – | 1 666 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |
| <u>Consumer debtors</u> | | | | | | | | | | | |
| Consumer debtors | | 7 820 | 10 494 | 14 136 | 12 651 | 12 885 | 12 885 | 12 885 | 11 488 | 11 050 | 13 837 |
| Less: Provision for debt impairment | | (3 325) | (3 893) | (5 401) | (5 874) | (5 874) | (5 874) | (5 874) | (6 849) | (7 876) | (8 958) |
| Total Consumer debtors | 2 | 4 496 | 6 601 | 8 734 | 6 777 | 7 011 | 7 011 | 7 011 | 4 640 | 3 175 | 4 879 |
| <u>Debt impairment provision</u> | | | | | | | | | | | |
| Balance at the beginning of the year | | 1 273 | 3 325 | | 4 882 | 4 882 | 4 882 | 4 882 | 5 874 | 6 849 | 7 876 |
| Contributions to the provision | | 2 052 | 569 | | 923 | 992 | 992 | 992 | 974 | 1 027 | 1 082 |
| Bad debts written off | | – | – | – | – | – | – | – | – | – | – |
| Balance at end of year | | 3 325 | 3 893 | – | 5 804 | 5 874 | 5 874 | 5 874 | 6 849 | 7 876 | 8 958 |
| <u>Property, plant and equipment (PPE)</u> | | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | | 63 726 | 96 546 | 160 084 | 264 494 | 248 944 | 248 944 | 248 944 | 344 619 | 418 450 | 480 270 |
| Leases recognised as PPE | | – | – | 40 | – | – | – | – | – | – | – |
| Less: Accumulated depreciation | | 8 081 | 11 024 | 17 457 | 17 256 | 17 256 | 17 256 | 17 256 | 20 637 | 24 199 | 27 954 |
| Total Property, plant and equipment (PPE) | 2 | 55 645 | 85 522 | 142 666 | 247 238 | 231 688 | 231 688 | 231 688 | 323 982 | 394 250 | 452 315 |
| LIABILITIES | | | | | | | | | | | |
| <u>Current liabilities - Borrowing</u> | | | | | | | | | | | |
| Short term loans (other than bank overdraft) | | – | – | – | – | – | – | – | – | – | – |
| Current portion of long-term liabilities | | 458 | 303 | 252 | 4 364 | 341 | 341 | 341 | 2 272 | 2 293 | 2 317 |
| Total Current liabilities - Borrowing | | 458 | 303 | 252 | 4 364 | 341 | 341 | 341 | 2 272 | 2 293 | 2 317 |
| <u>Trade and other payables</u> | | | | | | | | | | | |
| Trade and other creditors | | 8 989 | 16 907 | 25 050 | 13 420 | 13 420 | 13 420 | 13 420 | 14 048 | 13 410 | 14 324 |
| Unspent conditional transfers | | 4 308 | 3 244 | 20 | – | – | – | – | – | – | – |
| VAT | | – | – | – | – | – | – | – | – | – | – |
| Total Trade and other payables | 2 | 13 297 | 20 150 | 25 070 | 13 420 | 13 420 | 13 420 | 13 420 | 14 048 | 13 410 | 14 324 |
| <u>Non current liabilities - Borrowing</u> | | | | | | | | | | | |
| Borrowing | 4 | 305 | – | 1 197 | 44 516 | 7 593 | 7 593 | 7 593 | 35 188 | 43 977 | 42 717 |
| Finance leases (including PPP asset element) | | – | – | 134 | – | – | – | – | – | – | – |
| Total Non current liabilities - Borrowing | | 305 | – | 1 330 | 44 516 | 7 593 | 7 593 | 7 593 | 35 188 | 43 977 | 42 717 |
| <u>Provisions - non-current</u> | | | | | | | | | | | |
| Retirement benefits | | 2 772 | 2 500 | – | 2 500 | 2 500 | 2 500 | 2 500 | 2 500 | 2 500 | 2 500 |
| List other major provision items | | – | – | – | – | – | – | – | – | – | – |
| Refuse landfill site rehabilitation | | 3 617 | 1 753 | 4 877 | 1 753 | 1 753 | 1 753 | 1 753 | 1 753 | 1 753 | 1 753 |
| Other | | – | – | 20 | – | – | – | – | – | – | – |
| Total Provisions - non-current | | 6 389 | 4 253 | 4 896 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 | 4 253 |
| CHANGES IN NET ASSETS | | | | | | | | | | | |
| <u>Accumulated Surplus/(Deficit)</u> | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | | 17 750 | 45 139 | 45 139 | 152 116 | 152 115 | 152 116 | 152 116 | 209 574 | 279 864 | 346 949 |
| GRAP adjustments | | 29 732 | – | 27 831 | – | – | – | – | – | – | – |
| Restated balance | | 47 482 | 45 139 | 72 970 | 152 116 | 152 115 | 152 116 | 152 116 | 209 574 | 279 864 | 346 949 |
| Surplus/(Deficit) | | 9 359 | 24 243 | 43 776 | 43 113 | 80 883 | 80 883 | 80 883 | 70 127 | 69 718 | 89 937 |
| Appropriations to Reserves | | – | – | – | – | – | – | – | – | – | – |
| Transfers from Reserves | | – | – | – | – | – | – | – | – | – | – |
| Depreciation offsets | | – | – | – | – | – | – | – | – | – | – |
| Other adjustments | | – | – | – | – | (17 772) | (17 772) | (17 772) | – | – | – |
| Accumulated Surplus/(Deficit) | 1 | 56 840 | 69 382 | 116 746 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |
| <u>Reserves</u> | | | | | | | | | | | |
| Housing Development Fund | | – | – | – | – | – | – | – | – | – | – |
| Capital replacement | | – | – | – | – | – | – | – | – | – | – |
| Self-insurance | | – | – | – | – | – | – | – | – | – | – |
| Other reserves | | – | – | – | – | – | – | – | – | – | – |
| Revaluation | | – | – | – | – | – | – | – | – | – | – |
| Total Reserves | 2 | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 56 840 | 69 382 | 116 746 | 195 229 | 215 227 | 215 227 | 215 227 | 279 701 | 349 582 | 436 886 |

Table 23MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN265 Nongoma - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective | Goal | Goal Code | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | | |
| Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation. | Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel. | | | 51 156 | 57 240 | 63 082 | 83 364 | 83 364 | 83 364 | 94 094 | 110 133 | 138 807 |
| Provide quality basic services and infrastructure. | Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town. | | | 9 693 | 37 252 | 66 065 | 67 482 | 75 715 | 75 715 | 66 430 | 54 274 | 51 183 |
| Foster participatory democracy and Batho Pele through caring, accessible and accountable service. | Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy. | | | – | 312 | – | 497 | 497 | 497 | 653 | 688 | 720 |
| Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities. | Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively. | | | 1 201 | 770 | 168 | 3 889 | 3 889 | 3 889 | 45 | 48 | 51 |
| Economic growth and development that leads to sustainable job creation. | Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure. | | | 30 | 41 | – | 50 | 50 | 50 | 180 | 189 | 199 |
| Allocations to other priorities | | | | 2 | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 | 62 080 | 95 614 | 129 315 | 155 282 | 163 515 | 163 515 | 161 402 | 165 333 | 190 961 |

Table 24MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN265 Nongoma - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective | Goal | Goal Code | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | | |
| Provide sound democratic and accountable governance that promotes effective communication; financial viability | Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the | | | 37 771 | 51 499 | 33 802 | 51 187 | 28 807 | 28 807 | 18 276 | 19 253 | 20 288 |
| Provide quality basic services and infrastructure. | Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the | | | 11 978 | 15 674 | 31 043 | 38 468 | 31 020 | 31 020 | 46 101 | 47 942 | 50 706 |
| Foster participatory democracy and Batho Pele through caring, accessible and accountable service. | Optimising effective community participation in the ward committee system; and the implementation of Batho pele in | | | 767 | 1 197 | – | 6 332 | 1 322 | 1 322 | 1 215 | 1 293 | 1 376 |
| Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for | Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness the environmental requirements; and ensuring the protection services and disaster management are operating | | | 2 205 | 3 000 | 6 292 | 8 027 | 4 840 | 4 840 | 5 158 | 5 402 | 5 661 |
| Economic growth and development that leads to sustainable job creation. | Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure. | | | | | 14 401 | 8 156 | 16 644 | 16 644 | 20 526 | 21 724 | 22 993 |
| Allocations to other priorities | | | | | | | | | | | | |
| Total Expenditure | | | | 52 721 | 71 370 | 85 538 | 112 170 | 82 633 | 82 633 | 91 276 | 95 615 | 101 024 |

References

Table 25MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN265 Nongoma - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective | Goal | Goal Code | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | | |
| Provide sound democratic and accountable governance that promotes effective communication; financial viability | Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the | A | | 762 | 1 247 | 33 996 | 89 | 14 874 | 14 874 | 840 | | |
| | | B | | | | | | | | | | |
| Provide quality basic services and infrastructure. | Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the | C | | 9 681 | 32 716 | 26 262 | 55 860 | 63 195 | 63 195 | 70 077 | 53 831 | 50 820 |
| | | D | | | | | | | | | | |
| Foster participatory democracy and Batho Pele through caring, accessible and accountable service. | Optimising effective community participation in the ward committee system; and the implementation of Batho pele in | E | | 18 | 17 | - | - | - | - | 60 | | |
| | | F | | | | | | | | | | |
| Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for | Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness | G | | 950 | 832 | 32 | 45 | 3 200 | 3 200 | 3 323 | - | 1 000 |
| | | H | | | | | | | | | | |
| Economic growth and development that leads to sustainable job creation. | Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure. | I | | | | 2 490 | 41 375 | 50 | 50 | 21 375 | 20 000 | 10 000 |
| | | J | | | | | | | | | | |
| | | K | | | | | | | | | | |
| | | L | | | | | | | | | | |
| | | M | | | | | | | | | | |
| | | N | | | | | | | | | | |
| | | O | | | | | | | | | | |
| | | P | | | | | | | | | | |
| Allocations to other priorities | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | 1 | 11 410 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has for the first time developed and implemented a performance management system. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

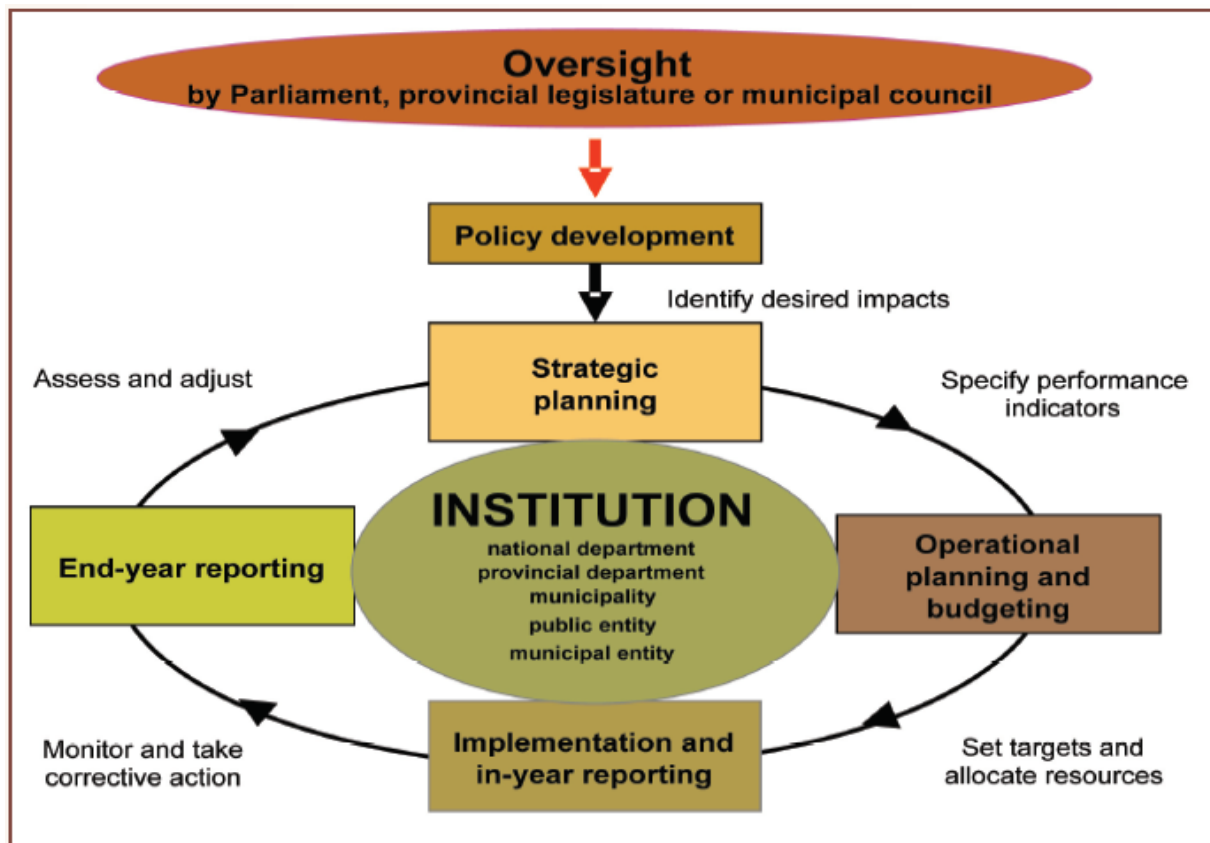


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

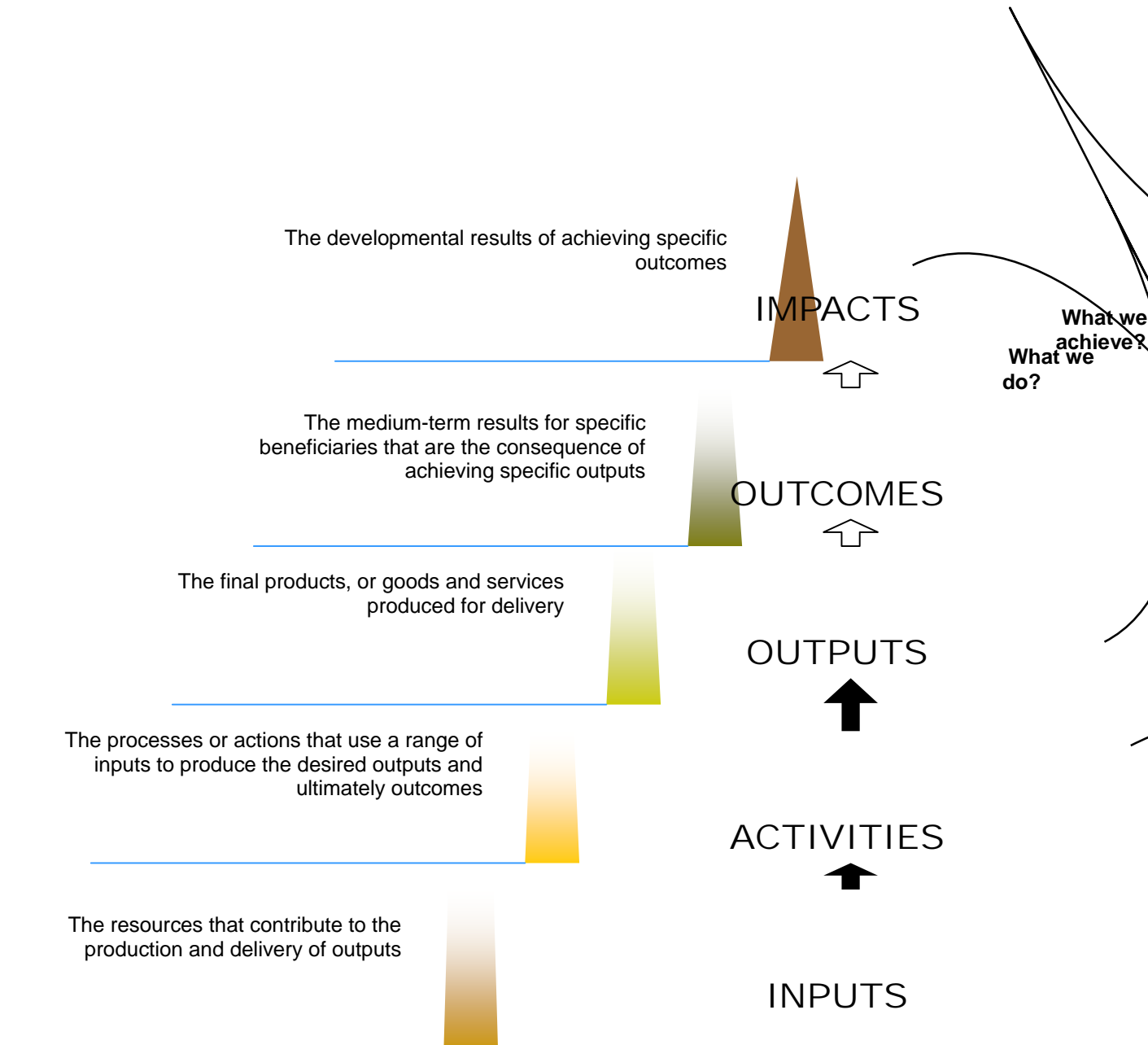


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26MBRR Table SA7 - Measurable performance objectives

| Description | Unit of measurement | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Vote - Environmental Management | | | | | | | | | | |
| Function: Waste Management | | | | | | | | | | |
| Sub-function - Solid Waste | | | | | | | | | | |
| Access to refuse removal | Number of households | 80.0% | 80.0% | 85.0% | 95.0% | 95.0% | 95.0% | 96.0% | 96.0% | 100.0% |
| Vote - Environmental Management | | | | | | | | | | |
| Function: Waste Management | | | | | | | | | % | |
| Sub-function - Solid Waste | | | | | | | | | | |
| Extension/New landfill site | Number of landfill sites | 50.0% | 50.0% | 50.0% | 60.0% | 60.0% | 60.0% | 100.0% | 100.0% | 100.0% |
| Vote - Transport and Roads | | | | | | | | | | |
| Function - Roads and Storm Water | | | | | | | | | | |
| Sub-function - Roads | | | | | | | | | | |
| Road resurfacing/upgrading | Rehabilitation of R66 | 0.0% | 10.0% | 40.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Vote - Transport and Roads | | | | | | | | | | |
| Function - Roads and Storm Water | | | | | | | | | | |
| Sub-function - Roads | | | | | | | | | | |
| Provision of new access roads | Number of access roads | 50.0% | 50.0% | 60.0% | 80.0% | 80.0% | 80.0% | 90.0% | 90.0% | 90.0% |
| Vote - Transport and Roads | | | | | | | | | | |
| Function - Roads and Storm Water | | | | | | | | | | |
| Sub-function - Roads | | | | | | | | | | |
| Provision of new taxi rank | Number of taxi ranks | 0.0% | 15.0% | 50.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Vote - Transport and Roads | | | | | | | | | | |
| Function - Roads and Storm Water | | | | | | | | | | |
| Sub-function - Roads | | | | | | | | | | |
| Provision of new bypass road | Kms | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 40.0% | 100.0% |
| Vote - Transport and Roads | | | | | | | | | | |
| Function - Roads and Storm Water | | | | | | | | | | |
| Sub-function - Vehicle Test Centre | | | | | | | | | | |
| Provision of new vehicle test centre | Number | 0.0% | 10.0% | 20.0% | 90.0% | 90.0% | 90.0% | 100.0% | 100.0% | 100.0% |
| Vote - Planning and Development | | | | | | | | | | |
| Function - Technical Services | | | | | | | | | | |
| Sub-function - Community Projects | | | | | | | | | | |
| Provision of new creches | Number | 50.0% | 50.0% | 55.0% | 60.0% | 60.0% | 60.0% | 90.0% | 100.0% | 100.0% |
| Vote - Planning and Development | | | | | | | | | | |
| Function - Technical Services | | | | | | | | | | |
| Sub-function - Community Projects | | | | | | | | | | |
| Provision of community halls | Number | 50.0% | 50.0% | 55.0% | 60.0% | 60.0% | 60.0% | 90.0% | 100.0% | 100.0% |
| Vote - Planning and Development | | | | | | | | | | |
| Function - Technical Services | | | | | | | | | | |
| Sub-function - Community Projects | | | | | | | | | | |
| Provision of sportsfields | Number | 50.0% | 50.0% | 55.0% | 60.0% | 60.0% | 60.0% | 90.0% | 100.0% | 100.0% |
| Vote - Planning and Development | | | | | | | | | | |
| Function - Technical Services | | | | | | | | | | |
| Sub-function - Community Projects | | | | | | | | | | |
| Provision of roads | Number | 50.0% | 50.0% | 55.0% | 60.0% | 60.0% | 60.0% | 90.0% | 100.0% | 100.0% |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| <i>Sub-function 2 - (name)</i> | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| <i>Sub-function 3 - (name)</i> | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| And so on for the rest of the Votes | | | | | | | | | | |

Nongoma Municipality

Final Annual Budget and MTREF 2013/14

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 27MBRR Table SA8 - Performance indicators and benchmarks

KZN265 Nongoma - Supporting Table SA8 Performance indicators and benchmarks

| KZN2020 Nongoma – Supporting Table 3 of 4 Performance Indicators and Benchmarks | | | | | | | | | | | |
|---|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description of financial indicator | Basis of calculation | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <u>Borrowing Management</u> | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 1.8% | 1.0% | 0.8% | 5.9% | 0.6% | 0.6% | 0.6% | 3.7% | 3.6% | 3.4% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 13.7% | 10.6% | 6.3% | 48.5% | 4.0% | 4.0% | 4.0% | 23.3% | 22.0% | 20.8% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 836.2% | 0.0% | 41.7% | 101.4% | 78.8% | 78.8% | 78.8% | 89.6% | 41.7% | 0.0% |
| <u>Safety of Capital</u> | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <u>Liquidity</u> | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.6 | 0.4 | 0.4 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 1.2 | 2.8 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.6 | 0.4 | 0.4 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 1.2 | 2.8 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0.7 | 0.0 | 0.0 | 0.4 | 0.1 | 0.1 | 0.1 | 0.3 | 0.9 | 2.4 |
| <u>Revenue Management</u> | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 42.9% | 44.7% | 35.7% | 91.1% | 90.6% | 90.6% | 90.6% | 109.9% | 102.9% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 43.7% | 44.4% | 35.7% | 91.1% | 90.6% | 90.6% | 90.6% | 109.9% | 102.9% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 24.1% | 14.4% | 15.6% | 7.9% | 9.9% | 9.9% | 9.9% | 6.6% | 4.4% | 4.7% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| <u>Creditors Management</u> | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | 95.3% | 2121.2% | -477.3% | 197.5% | 1153.9% | 1153.9% | 1153.9% | 235.5% | 87.6% | 33.6% |
| <u>Other Indicators</u> | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 35.2% | 38.7% | 45.3% | 38.4% | 41.0% | 41.0% | 41.0% | 39.8% | 36.6% | 31.2% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 51.1% | 51.1% | 58.8% | 47.2% | 52.5% | 52.5% | | 50.2% | 46.1% | 39.2% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 1.7% | 3.3% | 4.3% | 4.7% | 5.8% | 5.8% | | 8.4% | 7.2% | 6.1% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 7.2% | 7.8% | 16.7% | 5.0% | 3.8% | 3.8% | 3.8% | 4.6% | 4.1% | 3.4% |
| <u>IDP regulation financial viability indicators</u> | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 9.2 | 3.8 | 2.1 | 17.0 | 17.0 | 17.0 | 4.7 | 5.2 | 5.4 | 5.7 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 251.6% | 188.5% | 119.7% | 90.6% | 81.8% | 81.8% | 81.8% | 56.5% | 41.4% | 52.2% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 2.9 | 0.2 | (1.1) | 1.2 | 0.2 | 0.2 | 0.2 | 1.0 | 2.4 | 6.3 |

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

- Credit control and debt collection procedures/policies;
- Asset Management, Infrastructure Investment and Funding Policy;
- Tariff Policies;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy

2.5 Overview of budget assumptions

2.5.1 External factors

The economic slowdown has resulted in the financial resources being limited due to reduced payment levels by consumers. As a result the cash inflows have declined which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 43.5% of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on indicated that 6.85% and 6.4% should be the annual salary increases for 2013/14 and 2014/15 financial years respectively.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. In the 2013/14 MTREF it has been assumed that all borrowings are undertaken using fixed prime interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff will increase at a rate of inflation provided by National Treasury in Circular 67. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (50 per cent) of annual billings. Cash flow is assumed to be 50 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. The 50 per cent collection rate relates to the recoveries from the business community and the government. The collections from the residents is negligible due to the high rate of unemployment.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate and real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The wage bill over the MTREF has been increased at a rate of 6.85 per cent and 6.4 per cent in the two outer years of the MTREF as guided by MFMA circular 67.

2.5.7 Remuneration of Councillors

It has been assumed that the number of Councillors will remain 42 in 2013/14. And that only the Speaker, Mayor and Deputy Mayor will be remunerated at upper limits applicable to full-time councillors.

The remuneration of Councillors has been budgeted for based at the upper limits equivalent to 95% of remuneration packages for a Grade 3 municipality gazetted by the Minister of Cooperative Governance and Traditional Affairs (Cogta) in December 2012 and increased by 5.5%.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100% on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.5.10 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 28 Sources of capital revenue over the MTREF

| Vote Description R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|----------------------------------|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Funded by: | | | | | | | | | | | |
| National Government | | 9 681 | 32 049 | 59 983 | 45 868 | 71 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Provincial Government | | - | - | - | - | 500 | 500 | 500 | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 9 681 | 32 049 | 59 983 | 45 868 | 72 368 | 72 368 | 72 368 | 61 443 | 49 831 | 46 820 |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | 50 072 | 7 050 | 7 050 | 7 050 | 30 672 | 10 000 | - |
| Internally generated funds | | 1 729 | 2 763 | 2 797 | 1 429 | 1 900 | 1 900 | 1 900 | 3 560 | 14 000 | 15 000 |
| Total Capital Funding | 7 | 11 410 | 34 811 | 62 780 | 97 369 | 81 318 | 81 318 | 81 318 | 95 675 | 73 831 | 61 820 |

Capital grants and receipts equates to 64.2% of the total funding source which represents R61.4 million for the 2013/14 financial year. In 2013/14 borrowings equate 32% whilst own funds equate 3.7%.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 29 MBRR SA10 – Funding compliance measurement

| Description | MFMA section | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | | | | | | | | | | | | |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 9 433 | 797 | (5 249) | 6 795 | 1 163 | 1 163 | 1 163 | 2 887 | 4 312 | 20 778 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 1 460 | (15 566) | (26 656) | 1 300 | (4 165) | (4 165) | (4 165) | (3 935) | (3 835) | 12 081 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | 2.9 | 0.2 | (1.1) | 1.2 | 0.2 | 0.2 | 0.2 | 0.5 | 0.7 | 3.3 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 9 359 | 24 244 | 43 776 | 43 112 | 80 883 | 80 883 | 80 882 | 82 180 | 69 774 | 89 997 |
| Service charge rev % change - macro CPI target exclusive | 18(1)a,(2) | 5 | N.A. | (6.8%) | 80.8% | 3.9% | 10.3% | (6.0%) | (6.0%) | 0.4% | (0.1%) | (0.1%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 43.7% | 44.4% | 35.7% | 91.1% | 90.6% | 90.6% | 90.6% | 109.7% | 103.0% | 82.2% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 73.6% | 132.5% | 17.6% | 9.6% | 8.4% | 8.4% | 8.4% | 8.4% | 8.3% | 8.3% |
| Capital payments % of capital expenditure | 18(1)c,19 | 8 | 99.8% | 98.5% | 100.2% | 100.0% | 100.6% | 100.6% | 100.6% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 836.2% | 0.0% | 41.7% | 101.4% | 78.8% | 78.8% | 78.8% | 89.6% | 41.7% | 0.0% |
| Grants % of Gov't legislated/gazetted allocations | 18(1)a | 10 | | | | | | | | 100.0% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | N.A. | (29.8%) | 20.5% | (15.3%) | 2.7% | 0.0% | 0.0% | (26.2%) | (22.4%) | 34.0% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | (100.0%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 13 | 1.5% | 2.3% | 2.0% | 2.1% | 2.3% | 2.3% | 3.6% | 2.5% | 2.0% | 1.9% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 0.0% | 0.0% | 0.0% | 41.7% | 0.7% | 0.7% | 0.0% | 19.2% | 27.1% | 16.2% |

Table 30 MBRR SA15 – Investment particulars by type

| Investment type | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Securities - National Government | | - | - | - | - | - | - | - | - | - |
| Listed Corporate Bonds | | - | - | - | - | - | - | - | - | - |
| Deposits - Bank | | 550 | 584 | 888 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |
| Deposits - Public Investment Commissioners | | - | - | - | - | - | - | - | - | - |
| Deposits - Corporation for Public Deposits | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptance Certificates | | - | - | - | - | - | - | - | - | - |
| Negotiable Certificates of Deposit - Banks | | - | - | - | - | - | - | - | - | - |
| Guaranteed Endowment Policies (sinking) | | - | - | - | - | - | - | - | - | - |
| Repurchase Agreements - Banks | | - | - | - | - | - | - | - | - | - |
| Municipal Bonds | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | 550 | 584 | 888 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |
| Entities | | | | | | | | | | |
| Securities - National Government | | - | - | - | - | - | - | - | - | - |
| Listed Corporate Bonds | | - | - | - | - | - | - | - | - | - |
| Deposits - Bank | | - | - | - | - | - | - | - | - | - |
| Deposits - Public Investment Commissioners | | - | - | - | - | - | - | - | - | - |
| Deposits - Corporation for Public Deposits | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptance Certificates | | - | - | - | - | - | - | - | - | - |
| Negotiable Certificates of Deposit - Banks | | - | - | - | - | - | - | - | - | - |
| Guaranteed Endowment Policies (sinking) | | - | - | - | - | - | - | - | - | - |
| Repurchase Agreements - Banks | | - | - | - | - | - | - | - | - | - |
| Entities sub-total | | - | - | - | - | - | - | - | - | - |
| Consolidated total: | | 550 | 584 | 888 | 1 666 | 1 666 | 1 666 | 2 148 | 2 656 | 3 191 |

2.6 Expenditure on grants and reconciliations of unspent funds

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

Table 31MBRR Table SA 18 - Transfers and grant receipts

KZN265 Nongoma - Supporting Table SA18 Transfers and grant receipts

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 41 909 | 51 659 | 55 328 | 95 301 | 77 407 | 77 407 | 84 700 | 99 063 | 127 076 |
| Local Government Equitable Share | | 40 424 | 49 419 | 53 088 | 72 001 | 72 001 | 72 001 | 81 160 | 96 329 | 124 159 |
| Finance Management | | 750 | 1 450 | 1 450 | 1 500 | 1 500 | 1 500 | 1 650 | 1 800 | 1 950 |
| Municipal Systems Improvement | | 735 | 790 | 790 | 800 | 800 | 800 | 890 | 934 | 967 |
| Integrated National Electrification Programme | | | | | 20 000 | – | – | – | – | – |
| EPWP Incentive | | – | – | | 1 000 | 1 000 | 1 000 | 1 000 | | |
| Other transfers/grants [insert description] | | | | | | 2 106 | 2 106 | – | | – |
| Provincial Government: | | 200 | 532 | 233 | 496 | 330 | 330 | 634 | 968 | 699 |
| Provincialisation of Libraries | | – | 332 | 233 | 245 | 245 | 245 | 514 | 542 | 567 |
| Municipal Assistance Programme | | 200 | 200 | | – | – | – | | | |
| Community Library Services | | – | – | | 101 | 85 | 85 | 120 | 126 | 132 |
| Infrastructure | | – | – | | 150 | – | – | | 300 | |
| | | – | – | | – | – | – | | | |
| District Municipality: | | 30 | 80 | 100 | 50 | 50 | 50 | 50 | 50 | 50 |
| Tourism | | 30 | 80 | 100 | 50 | 50 | 50 | 50 | 50 | 50 |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | 42 139 | 52 271 | 55 661 | 95 847 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 14 989 | 32 351 | 61 368 | 45 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Municipal Infrastructure Grant (MIG) | | 14 989 | 17 351 | 20 868 | 25 314 | 25 314 | 25 314 | 27 343 | 29 831 | 31 820 |
| Neighbourhood Development Partnership | | – | 15 000 | 40 500 | 20 554 | 20 554 | 20 554 | 26 100 | | |
| Integrated National Electrification Programme | | – | – | | | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| | | – | – | | | | | | | |
| Other capital transfers/grants [insert desc] | | – | – | | | | | | | |
| Provincial Government: | | – | – | – | – | 1 000 | 1 000 | – | – | – |
| Municipal Pound | | | | | | 1 000 | 1 000 | – | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| Tourism | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | | | | | | | | | |
| Total Capital Transfers and Grants | 5 | 14 989 | 32 351 | 61 368 | 45 868 | 72 868 | 72 868 | 61 443 | 49 831 | 46 820 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | | 57 128 | 84 622 | 117 029 | 141 715 | 150 655 | 150 655 | 146 827 | 149 912 | 174 645 |

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

KZN265 Nongoma - Supporting Table SA19 Expenditure on transfers and grant programme

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| EXPENDITURE: | 1 | | | | | | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | | | | | | | |
| National Government: | | 41 909 | 51 659 | 55 328 | 95 301 | 77 407 | 77 407 | 84 700 | 99 063 | 127 076 |
| Local Government Equitable Share | | 40 424 | 49 419 | 53 088 | 72 001 | 72 001 | 72 001 | 81 160 | 96 329 | 124 159 |
| Finance Management | | 750 | 1 450 | 1 450 | 1 500 | 1 500 | 1 500 | 1 650 | 1 800 | 1 950 |
| Municipal Systems Improvement | | 735 | 790 | 790 | 800 | 800 | 800 | 890 | 934 | 967 |
| Integrated National Electrification Programme | | - | - | - | 20 000 | - | - | - | - | - |
| EPWP Incentive | | - | - | - | 1 000 | 1 000 | 1 000 | 1 000 | - | - |
| Other transfers/grants [insert description] | | - | - | - | - | 2 106 | 2 106 | - | - | - |
| Provincial Government: | | 200 | 532 | 233 | 496 | 330 | 330 | 634 | 968 | 699 |
| Provincialisation of Libraries | | - | 332 | 233 | 245 | 245 | 245 | 514 | 542 | 567 |
| Municipal Assistance Programme | | 200 | 200 | - | - | - | - | - | - | - |
| Community Library Services | | - | - | - | 101 | 85 | 85 | 120 | 126 | 132 |
| Infrastructure | | - | - | - | 150 | - | - | - | 300 | - |
| District Municipality: | | 30 | 30 | 80 | 50 | 50 | 50 | 50 | 50 | 50 |
| Tourism | | 30 | 30 | 80 | 50 | 50 | 50 | 50 | 50 | 50 |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | - | - | - | - | - | - | - | - | - |
| Total operating expenditure of Transfers and Grants: | | 42 139 | 52 221 | 55 641 | 95 847 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| <u>Capital expenditure of Transfers and Grants</u> | | | | | | | | | | |
| National Government: | | 14 989 | 32 351 | 63 384 | 45 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Municipal Infrastructure Grant (MIG) | | 14 989 | 17 351 | 22 660 | 25 314 | 25 314 | 25 314 | 27 343 | 29 831 | 31 820 |
| Neighbourhood Development Partnership | | - | 15 000 | 40 724 | 20 554 | 20 554 | 20 554 | 26 100 | - | - |
| Integrated National Electrification Programme | | - | - | - | - | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| Other capital transfers/grants [insert desc] | | - | - | - | - | - | - | - | - | - |
| Provincial Government: | | - | - | - | - | 500 | 500 | 500 | - | - |
| Municipal Pound | | - | - | - | - | 500 | 500 | 500 | - | - |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| Tourism | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | - | - | - | - | - | - | - | - | - |
| Total capital expenditure of Transfers and Grants | | 14 989 | 32 351 | 63 384 | 45 868 | 72 368 | 72 368 | 61 943 | 49 831 | 46 820 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 57 128 | 84 572 | 119 025 | 141 715 | 150 155 | 150 155 | 147 327 | 149 912 | 174 645 |

Table 33MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN265 Nongoma - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| KENYAS HONGKONG SUPPORTING TABLE 3/12/3 Reconciliation of transfers, grant receipts and unspent funds | | | | | | | | | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| Operating transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | - | 815 | - | | | | | | |
| Current year receipts | | 42 021 | 52 575 | 55 338 | 95 301 | 75 301 | 75 301 | 84 700 | 99 063 | 127 076 |
| Conditions met - transferred to revenue | | 42 021 | 52 162 | 54 110 | 95 301 | 75 301 | 75 301 | 84 700 | 99 063 | 127 076 |
| Conditions still to be met - transferred to liabilities | | - | 1 228 | 1 228 | | | | | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 1 581 | - | - | | | | | | |
| Current year receipts | | 200 | 383 | 223 | 496 | 2 436 | 2 436 | 634 | 968 | 699 |
| Conditions met - transferred to revenue | | 1 581 | 383 | 223 | 496 | 2 436 | 2 436 | 634 | 968 | 699 |
| Conditions still to be met - transferred to liabilities | | 200 | - | | | | | | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 59 | - | - | | | | | | |
| Current year receipts | | 30 | 30 | 80 | 50 | 50 | 50 | 50 | 50 | 50 |
| Conditions met - transferred to revenue | | 89 | 30 | 80 | 50 | 50 | 50 | 50 | 50 | 50 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | 13 174 | 34 064 | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | - | - | | | | | | | |
| Total operating transfers and grants revenue | | 56 864 | 86 639 | 54 413 | 95 847 | 77 787 | 77 787 | 85 384 | 100 081 | 127 825 |
| Total operating transfers and grants - CTBM | 2 | 200 | 1 228 | 1 228 | - | - | - | - | - | - |
| Capital transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 5 412 | 5 713 | 2 016 | | | | | | |
| Current year receipts | | 7 761 | 28 351 | 61 368 | 45 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Conditions met - transferred to revenue | | #REF! | #REF! | 63 384 | 45 868 | 71 868 | 71 868 | 61 443 | 49 831 | 46 820 |
| Conditions still to be met - transferred to liabilities | | 3 493 | 2 016 | - | - | | | | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | 500 | - | - |
| Current year receipts | | | | | | 500 | 500 | - | - | - |
| Conditions met - transferred to revenue | | - | - | - | - | 500 | 500 | 500 | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Total capital transfers and grants revenue | | #REF! | #REF! | 63 384 | 45 868 | 72 368 | 72 368 | 61 943 | 49 831 | 46 820 |
| Total capital transfers and grants - CTBM | 2 | 3 493 | 2 016 | - | - | - | - | - | - | - |
| TOTAL TRANSFERS AND GRANTS REVENUE | | #REF! | #REF! | 117 797 | 141 715 | 150 155 | 150 155 | 147 327 | 149 912 | 174 645 |
| TOTAL TRANSFERS AND GRANTS - CTBM | | 3 693 | 3 244 | 1 228 | - | - | - | - | - | - |

2.7 Councillor and employee benefits

Table 34MBRR SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration R thousand | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | 1 | | | | | | | | | |
| Basic Salaries and Wages | | 5 644 | 4 781 | 5 674 | 5 248 | 6 302 | 6 302 | 6 286 | 6 600 | 6 930 |
| Pension and UIF Contributions | | 682 | 583 | 781 | 787 | 890 | 890 | 888 | 932 | 979 |
| Medical Aid Contributions | | 193 | 167 | 75 | 767 | 100 | 100 | 100 | 105 | 110 |
| Motor Vehicle Allowance | | 1 179 | 1 463 | 1 891 | 2 267 | 2 430 | 2 430 | 2 424 | 2 546 | 2 673 |
| Cellphone Allowance | | 390 | 396 | 434 | 544 | 543 | 543 | 570 | 599 | 629 |
| Housing Allowances | | | | | | | | | | |
| Other benefits and allowances | | | | | | 151 | 151 | 159 | 167 | 175 |
| Sub Total - Councillors | | 8 087 | 7 390 | 8 855 | 9 614 | 10 416 | 10 416 | 10 427 | 10 948 | 11 495 |
| % increase | 4 | | (8.6%) | 19.8% | 8.6% | 8.3% | - | 0.1% | 5.0% | 5.0% |
| Senior Managers of the Municipality | 2 | | | | | | | | | |
| Basic Salaries and Wages | | 2 315 | 2 639 | 2 890 | 4 161 | 3 634 | 3 634 | 3 880 | 4 129 | 4 393 |
| Pension and UIF Contributions | | 543 | 585 | 496 | 609 | 604 | 604 | 645 | 686 | 730 |
| Medical Aid Contributions | | 34 | 33 | 71 | 84 | 92 | 92 | 99 | 105 | 112 |
| Overtime | | - | - | - | - | - | - | - | - | - |
| Performance Bonus | | - | - | - | 347 | - | - | - | - | - |
| Motor Vehicle Allowance | 3 | 284 | 342 | 96 | 373 | 456 | 456 | 487 | 518 | 551 |
| Cellphone Allowance | 3 | 7 | 23 | - | 311 | - | - | - | - | - |
| Housing Allowances | 3 | 65 | 7 | - | 17 | 15 | 15 | 16 | 17 | 18 |
| Other benefits and allowances | 3 | 268 | 206 | 459 | 442 | 820 | 820 | 876 | 932 | 992 |
| Payments in lieu of leave | | | | | | | | | | |
| Long service awards | | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | | |
| Sub Total - Senior Managers of Municipality | | 3 516 | 3 835 | 4 012 | 6 344 | 5 621 | 5 621 | 6 002 | 6 387 | 6 795 |
| % increase | 4 | | 9.1% | 4.6% | 58.1% | (11.4%) | - | 6.8% | 6.4% | 6.4% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 10 144 | 12 559 | 15 024 | 22 625 | 19 467 | 19 467 | 20 812 | 22 144 | 23 561 |
| Pension and UIF Contributions | | 1 667 | 2 790 | 508 | 5 253 | 4 832 | 4 832 | 5 166 | 5 497 | 5 849 |
| Medical Aid Contributions | | 367 | 404 | 581 | 912 | 720 | 720 | 770 | 819 | 872 |
| Overtime | | 522 | 1 252 | 1 619 | 2 358 | 2 846 | 2 846 | 3 040 | 3 235 | 3 442 |
| Performance Bonus | | 581 | 848 | 1 753 | 2 083 | 1 585 | 1 585 | 1 694 | 1 802 | 1 917 |
| Motor Vehicle Allowance | 3 | 570 | 209 | 25 | 438 | 800 | 800 | 368 | 392 | 417 |
| Cellphone Allowance | 3 | 3 | - | - | - | - | - | - | - | - |
| Housing Allowances | 3 | 42 | 8 | - | 4 | 13 | 13 | 14 | 15 | 16 |
| Other benefits and allowances | 3 | 375 | 1 051 | 1 880 | 2 026 | 1 312 | 1 312 | 1 888 | 2 009 | 2 139 |
| Payments in lieu of leave | | | | 1 341 | | | | | | |
| Long service awards | | | | 3 145 | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | | |
| Sub Total - Other Municipal Staff | | 14 270 | 19 121 | 25 876 | 35 699 | 31 575 | 31 575 | 33 754 | 35 914 | 38 213 |
| % increase | 4 | | 34.0% | 35.3% | 38.0% | (11.6%) | - | 6.9% | 6.4% | 6.4% |
| Total Parent Municipality | | 25 873 | 30 346 | 38 743 | 51 657 | 47 612 | 47 612 | 50 183 | 53 249 | 56 504 |
| | | | 17.3% | 27.7% | 33.3% | (7.8%) | - | 5.4% | 6.1% | 6.1% |

Table 35 MBRR SA24– Summary of personnel numbers

| Summary of Personnel Numbers | Ref | 2011/12 | | | Current Year 2012/13 | | | Budget Year 2013/14 | | |
|---|-------|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Number | 1,2 | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | 42 | | 42 | 42 | | 42 | | | |
| Board Members of municipal entities | 4 | | | | | | | | | |
| Municipal employees | 5 | | | | | | | | | |
| Municipal Manager and Senior Managers | 3 | 7 | 7 | | 7 | 7 | | | | |
| Other Managers | 7 | 3 | 3 | | 4 | 4 | | | | |
| Professionals | | 72 | 72 | 52 | 184 | 184 | 184 | 191 | 191 | 192 |
| Finance | | 20 | 20 | | 15 | 15 | 15 | 22 | 22 | 22 |
| Spatial/town planning | | | | | 4 | 4 | 4 | 4 | 4 | 4 |
| Information Technology | | | | | | | | | | |
| Roads | | | | | 10 | 10 | 10 | 10 | 10 | 10 |
| Electricity | | | | | | | | | | |
| Water | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse | | 52 | 52 | 52 | 64 | 64 | 64 | 64 | 64 | 65 |
| Other | | | | | 91 | 91 | 91 | 91 | 91 | 91 |
| Technicians | | - | - | - | 6 | 6 | 6 | 6 | 6 | 6 |
| Finance | | | | | | | | | | |
| Spatial/town planning | | | | | | | | | | |
| Information Technology | | | | | | | | | | |
| Roads | | | | | | | | | | |
| Electricity | | | | | | | | | | |
| Water | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse | | | | | | | | | | |
| Other | | | | | 6 | 6 | 6 | 6 | 6 | 6 |
| Clerks (Clerical and administrative) | | | | | 2 | 2 | 2 | 2 | 2 | 2 |
| Service and sales workers | | | | | | | | | | |
| Skilled agricultural and fishery workers | | | | | | | | | | |
| Craft and related trades | | | | | | | | | | |
| Plant and Machine Operators | | | | | | | | | | |
| Elementary Occupations | | | | | | | | | | |
| TOTAL PERSONNEL NUMBERS | 9 | 124 | 82 | 94 | 245 | 203 | 234 | 199 | 199 | 200 |
| % increase | | | | | 97.6% | 147.6% | 148.9% | (18.8%) | (2.0%) | (14.5%) |
| Total municipal employees headcount | 6, 10 | | | | | | | | | |
| Finance personnel headcount | 8, 10 | | | | | | | | | |
| Human Resources personnel headcount | 8, 10 | | | | | | | | | |

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN265 Nongoma - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

| Description | Ref | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|----------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 8 411 | 8 915 | 9 450 |
| Property rates - penalties & collection charges | | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 1 363 | 1 444 | 1 531 |
| Service charges - electricity revenue | | | | | | | | | | | | | | - | - | - |
| Service charges - water revenue | | | | | | | | | | | | | | - | - | - |
| Service charges - sanitation revenue | | | | | | | | | | | | | | - | - | - |
| Service charges - refuse revenue | | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 141 | 1 655 | 1 745 | 1 839 |
| Service charges - other | | | | | | | | | | | | | | - | - | - |
| Rental of facilities and equipment | | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 186 | 196 | 207 |
| Interest earned - external investments | | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 482 | 508 | 535 |
| Interest earned - outstanding debtors | | | | | | | | | | | | | | - | - | - |
| Dividends received | | | | | | | | | | | | | | - | - | - |
| Fines | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 67 | 71 | 75 |
| Licences and permits | | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 2 010 | 2 119 | 2 233 |
| Agency services | | | | | | | | | | | | | | - | - | - |
| Transfers recognised - operational | | - | - | - | - | - | - | - | - | - | - | - | 85 384 | 85 384 | 100 081 | 127 825 |
| Other revenue | | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 401 | 423 | 446 |
| Gains on disposal of PPE | | | | | | | | | | | | | | - | - | - |
| Total Revenue (excluding capital transfers and contribution) | | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 1 214 | 86 602 | 99 959 | 115 502 | 144 141 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 39 757 | 42 301 | 45 008 |
| Remuneration of councillors | | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 10 427 | 10 948 | 11 495 |
| Debt impairment | | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 974 | 1 027 | 1 082 |
| Depreciation & asset impairment | | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 290 | 3 478 | 3 661 | 3 853 |
| Finance charges | | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 1 126 | 1 104 | 1 081 |
| Bulk purchases | | | | | | | | | | | | | | - | - | - |
| Other materials | | | | | | | | | | | | | | - | - | - |
| Contracted services | | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 1 262 | 15 149 | 15 419 | 16 251 |
| Transfers and grants | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 99 | 105 | 110 |
| Other expenditure | | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 1 689 | 20 266 | 21 051 | 22 142 |
| Loss on disposal of PPE | | | | | | | | | | | | | | - | - | - |
| Total Expenditure | | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 7 606 | 91 275 | 95 615 | 101 024 |
| Surplus/(Deficit) | | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | 78 995 | 8 684 | 19 887 | 43 117 |
| Transfers recognised - capital | | - | - | - | - | - | - | - | - | - | - | - | 61 443 | 61 443 | 49 831 | 46 820 |
| Contributions recognised - capital | | | | | | | | | | | | | - | - | - | - |
| Contributed assets | | | | | | | | | | | | | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | 140 438 | 70 127 | 69 718 | 89 937 |
| Taxation | | | | | | | | | | | | | - | - | - | - |
| Attributable to minorities | | | | | | | | | | | | | - | - | - | - |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | | - | - | - | - |
| Surplus/(Deficit) | 1 | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | (6 392) | 140 438 | 70 127 | 69 718 | 89 937 |

Table 37MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Cash Receipts By Source | | | | | | | | | | | | | 1 | | |
| Property rates | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 353 | 4 232 | 4 486 | 4 755 |
| Property rates - penalties & collection charges | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 681 | 722 | 765 |
| Service charges - electricity revenue | | | | | | | | | | | | | - | | |
| Service charges - water revenue | | | | | | | | | | | | | - | | |
| Service charges - sanitation revenue | | | | | | | | | | | | | - | | |
| Service charges - refuse revenue | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 828 | 872 | 920 |
| Service charges - other | | | | | | | | | | | | | - | | |
| Rental of facilities and equipment | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 157 | 165 | 174 |
| Interest earned - external investments | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 482 | 508 | 535 |
| Interest earned - outstanding debtors | | | | | | | | | | | | | - | | |
| Dividends received | | | | | | | | | | | | | - | | |
| Fines | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 67 | 71 | 75 |
| Licences and permits | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 2 010 | 2 119 | 2 233 |
| Agency services | | | | | | | | | | | | | - | | |
| Transfer receipts - operational | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 7 115 | 85 384 | 100 081 | 127 825 |
| Other revenue | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 629 | 7 543 | 6 986 | 4 102 |
| Cash Receipts by Source | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 8 449 | 101 383 | 116 010 | 141 384 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 6 120 | 73 443 | 49 831 | 46 820 |
| Contributions recognised - capital & Contributed assets | | | | | | | | | | | | | - | | |
| Proceeds on disposal of PPE | | | | | | | | | | | | | - | | |
| Short term loans | | | | | | | | | | | | | - | | |
| Borrowing long term/refinancing | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 2 556 | 30 672 | 10 000 | |
| Increase (decrease) in consumer deposits | | | | | | | | | | | | | - | | |
| Decrease (Increase) in non-current debtors | | | | | | | | | | | | | - | | |
| Decrease (increase) other non-current receivables | | | | | | | | | | | | | - | | |
| Decrease (increase) in non-current investments | | | | | | | | | | | | | - | | |
| Total Cash Receipts by Source | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 17 125 | 205 498 | 175 841 | 188 204 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 3 313 | 39 757 | 42 301 | 45 008 |
| Remuneration of councillors | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 10 427 | 10 948 | 11 495 |
| Finance charges | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 1 125 | 1 104 | 1 081 |
| Bulk purchases - Electricity | | | | | | | | | | | | | - | | |
| Bulk purchases - Water & Sewer | | | | | | | | | | | | | - | | |
| Other materials | | | | | | | | | | | | | - | | |
| Contracted services | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 562 | 6 745 | 7 109 | 7 493 |
| Transfers and grants - other municipalities | | | | | | | | | | | | | - | | |
| Transfers and grants - other | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 99 | 105 | 110 |
| Other expenditure | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 2 973 | 35 674 | 36 725 | 42 413 |
| Cash Payments by Type | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 7 819 | 93 827 | 98 292 | 107 601 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 8 973 | 107 675 | 73 831 | 61 820 |
| Repayment of borrowing | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 2 272 | 2 293 | 2 317 |
| Other Cash Flows/Payments | | | | | | | | | | | | | - | | |
| Total Cash Payments by Type | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 16 981 | 203 774 | 174 416 | 171 738 |
| NET INCREASE/(DECREASE) IN CASH HELD | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 1 724 | 1 424 | 16 466 |
| Cash/cash equivalents at the month/year begin: | 1 163 | 1 306 | 1 450 | 1 594 | 1 737 | 1 881 | 2 025 | 2 168 | 2 312 | 2 456 | 2 599 | 2 743 | 1 163 | 2 887 | 4 311 |
| Cash/cash equivalents at the month/year end: | 1 306 | 1 450 | 1 594 | 1 737 | 1 881 | 2 025 | 2 168 | 2 312 | 2 456 | 2 599 | 2 743 | 2 887 | 2 887 | 4 311 | 20 777 |

Table 38 MBRR SA32 – List of external mechanisms

| External mechanism | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
|--------------------------------|--------------|---------------------------|------------------------------|--|--------------------------------------|
| Name of organisation | | Number | | | R thousand |
| Tetrafull 1261 cc | Yrs | 3 | Maintenance of landfill site | 30 June 2014 | 2 316 |
| Globetech Security Serviess cc | Yrs | 3 | Security Services | 30 June 2014 | 2 652 |
| Netwize | Yrs | Ongoing | IT Services | N/A | 65 |
| Camelsa | Yrs | 1 | Financial Systems Support | 30 June 2014 | 360 |
| Perst Control | Yrs | 3 | Perst Control | 30 June 2016 | 332 |

2.8 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 39 MBRR SA33 – Contracts having future budgetary implications

No such contracts in place.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN265 Nongoma - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

| Description | | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <u>Capital expenditure on new assets by Asset Class/Sub-class</u> | | | | | | | | | | | |
| <u>Infrastructure</u> | | | 3 016 | 24 514 | 46 569 | 45 868 | 72 368 | 72 368 | 61 943 | 49 831 | 46 820 |
| Infrastructure - Road transport | | | 3 016 | 19 077 | 30 109 | 45 868 | 45 868 | 45 868 | 53 443 | 29 831 | 31 820 |
| Roads, Pavements & Bridges | | | 3 016 | 19 077 | 30 109 | 45 868 | 45 868 | 45 868 | 53 443 | 29 831 | 31 820 |
| Storm water | | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | | - | - | - | - | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| Generation | | | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | | | - | - | - | - | 26 000 | 26 000 | 8 000 | 20 000 | 15 000 |
| Street Lighting | | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | - | - | - | - | - | - | - | - | - |
| Water purification | | | - | - | - | - | - | - | - | - | - |
| Reticulation | | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | | - | - | - | - | - | - | - | - | - |
| Reticulation | | | - | - | - | - | - | - | - | - | - |
| Sewerage purification | | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | | - | 5 437 | 16 461 | - | 500 | 500 | 500 | - | - |
| Waste Management | | | - | - | 169 | - | - | - | - | - | - |
| Transportation | 2 | | - | 5 437 | 16 292 | - | - | - | - | - | - |
| Gas | | | - | - | - | - | - | - | - | - | - |
| Other | 3 | | - | - | - | - | 500 | 500 | 500 | - | - |
| <u>Community</u> | | | 6 870 | 7 535 | 13 582 | - | - | - | - | - | - |
| Parks & gardens | | | | | | | | | | | |
| Sportsfields & stadia | | | 1 260 | 394 | 2 872 | | | | | | |
| Swimming pools | | | | | | | | | | | |
| Community halls | | | 5 443 | 4 146 | 4 823 | | | | | | |
| Libraries | | | | | | | | | | | |
| Recreational facilities | | | | 2 995 | 482 | | | | | | |
| Fire, safety & emergency | | | | | | | | | | | |
| Security and policing | | | | | | | | | | | |
| Buses | | | | | | | | | | | |
| Clinics | | | | | | | | | | | |
| Museums & Art Galleries | | | | | 5 405 | | | | | | |
| Cemeteries | | | | | | | | | | | |
| Social rental housing | | | | | | | | | | | |
| Other | 8 | | 167 | | | | | | | | |
| <u>Heritage assets</u> | | | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | | | |
| Other | 9 | | | | | | | | | | |
| <u>Investment properties</u> | | | - | - | - | - | - | - | - | - | - |
| Housing development | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| <u>Other assets</u> | | | 1 506 | 1 918 | 2 628 | 10 901 | 8 350 | 8 350 | 13 082 | 4 000 | 5 000 |
| General vehicles | | | 599 | 378 | 2 051 | 3 472 | 450 | 450 | 4 672 | - | - |
| Specialised vehicles | | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | | | 352 | 223 | 19 | 965 | 965 | 965 | 1 102 | - | - |
| Computers - hardware/equipment | | | 505 | 244 | 195 | 38 | 158 | 158 | 93 | - | - |
| Furniture and other office equipment | | | 51 | 241 | 363 | 144 | 496 | 496 | 215 | - | - |
| Abattoirs | | | - | - | - | - | - | - | - | - | - |
| Markets | | | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | | | - | - | - | - | - | - | - | - | - |
| Other Buildings | | | - | 832 | - | 282 | 282 | 282 | 1 000 | - | 1 000 |
| Other Land | | | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | | | - | - | - | - | - | - | - | - | - |
| Other | | | - | - | - | 6 000 | 6 000 | 6 000 | 6 000 | 4 000 | 4 000 |
| <u>Agricultural assets</u> | | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | - | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - | - |
| <u>Biological assets</u> | | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | - | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - | - |
| <u>Intangibles</u> | | | - | 845 | - | - | - | - | - | - | - |
| Computers - software & programming | | | - | 845 | - | - | - | - | - | - | - |
| Other (list sub-class) | | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on new assets | 1 | | 11 392 | 34 811 | 62 780 | 56 769 | 80 718 | 80 718 | 75 025 | 53 831 | 51 820 |

Table 41 MBRR SA34b - Capital expend on the renewal of existing assets by asset class

KZN265 Nongoma - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | 1 | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Road transport | | - | - | - | - | - | - | - | - | - |
| Roads, Pavements & Bridges | | | | | | | | | | |
| Storm water | | | | | | | | | | |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Generation | | | | | | | | | | |
| Transmission & Reticulation | | | | | | | | | | |
| Street Lighting | | | | | | | | | | |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | | | | |
| Water purification | | | | | | | | | | |
| Reticulation | | | | | | | | | | |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Reticulation | | | | | | | | | | |
| Sewerage purification | | | | | | | | | | |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Waste Management | | | | | | | | | | |
| Transportation | | | | | | | | | | |
| Gas | | | | | | | | | | |
| Other | | | | | | | | | | |
| Community | | - | - | - | - | - | - | - | - | - |
| Parks & gardens | | | | | | | | | | |
| Sportsfields & stadia | | | | | | | | | | |
| Swimming pools | | | | | | | | | | |
| Community halls | | | | | | | | | | |
| Libraries | | | | | | | | | | |
| Recreational facilities | | | | | | | | | | |
| Fire, safety & emergency | | | | | | | | | | |
| Security and policing | | | | | | | | | | |
| Buses | | | | | | | | | | |
| Clinics | | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | | |
| Cemeteries | | | | | | | | | | |
| Social rental housing | | | | | | | | | | |
| Other | | | | | | | | | | |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | | |
| Other | | | | | | | | | | |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Housing development | | | | | | | | | | |
| Other | | | | | | | | | | |
| Other assets | | - | - | - | 40 600 | 600 | 600 | 20 650 | 20 000 | 10 000 |
| General vehicles | | | | | 600 | 600 | 600 | 650 | - | - |
| Specialised vehicles | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | | | | | | | | | | |
| Computers - hardware/equipment | | | | | | | | | | |
| Furniture and other office equipment | | | | | | | | | | |
| Abattoirs | | | | | | | | | | |
| Markets | | | | | | | | | | |
| Civic Land and Buildings | | | | | 40 000 | - | - | 20 000 | 20 000 | 10 000 |
| Other Buildings | | | | | | | | | | |
| Other Land | | | | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | | |
| Other | | | | | | | | | | |
| Agricultural assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | | | | | | | | | |
| Other (list sub-class) | | | | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | 1 | - | - | - | 40 600 | 600 | 600 | 20 650 | 20 000 | 10 000 |

T

KZN265 Nongoma - Supporting Table SA34c Consolidated repairs and maintenance by asset class

| Description | | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | | |
| Infrastructure | | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Infrastructure - Road transport | | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Roads, Pavements & Bridges | | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Storm water | | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | | - | - | - | - | - | - | - | - | - |
| Generation | | | | | | | | | | | |
| Transmission & Reticulation | | | | | | | | | | | |
| Street Lighting | | | | | | | | | | | |
| Infrastructure - Water | | | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | | | | | |
| Water purification | | | | | | | | | | | |
| Reticulation | | | | | | | | | | | |
| Infrastructure - Sanitation | | | - | - | - | - | - | - | - | - | - |
| Reticulation | | | | | | | | | | | |
| Sewerage purification | | | | | | | | | | | |
| Infrastructure - Other | | | - | - | - | - | - | - | - | - | - |
| Waste Management | | | | | | | | | | | |
| Transportation | | | | | | | | | | | |
| Gas | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Community | | | - | - | - | - | - | - | - | - | - |
| Parks & gardens | | | | | | | | | | | |
| Sportsfields & stadia | | | | | | | | | | | |
| Swimming pools | | | | | | | | | | | |
| Community halls | | | | | | | | | | | |
| Libraries | | | | | | | | | | | |
| Recreational facilities | | | | | | | | | | | |
| Fire, safety & emergency | | | | | | | | | | | |
| Security and policing | | | | | | | | | | | |
| Buses | | | | | | | | | | | |
| Clinics | | | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | | | |
| Cemeteries | | | | | | | | | | | |
| Social rental housing | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Heritage assets | | | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Investment properties | | | - | - | - | - | - | - | - | - | - |
| Housing development | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Other assets | | | 595 | 1 175 | 941 | 2 911 | 3 000 | 3 000 | 5 659 | 5 807 | 6 121 |
| General vehicles | | | 399 | 593 | 447 | 1 373 | 1 373 | 1 373 | 1 450 | 1 529 | 1 611 |
| Specialised vehicles | | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | | | - | 5 | 40 | 211 | 211 | 211 | 223 | 235 | 248 |
| Computers - hardware/equipment | | | 30 | 62 | 39 | 90 | 90 | 90 | 30 | 31 | 33 |
| Furniture and other office equipment | | | 166 | - | 200 | - | - | - | - | - | - |
| Abattoirs | | | - | - | - | - | - | - | - | - | - |
| Markets | | | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | | | - | - | - | - | - | - | - | - | - |
| Other Buildings | | | - | 515 | 216 | 1 237 | 1 325 | 1 325 | 3 956 | 4 012 | 4 228 |
| Other Land | | | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | | | - | - | - | - | - | - | - | - | - |
| Other | | | - | - | - | - | - | - | - | - | - |
| Agricultural assets | | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | | |
| Biological assets | | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | | |
| Intangibles | | | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | | | | | | | | | | |
| Other (list sub-class) | | | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | | 1 | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 8 404 | 8 310 | 8 758 |

Table 42MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Infrastructure - Road transport | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Roads, Pavements & Bridges | | 246 | 805 | 1 901 | 2 248 | 2 248 | 2 248 | 2 744 | 2 503 | 2 637 |
| Storm water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Generation | | | | | | | | | | |
| Transmission & Reticulation | | | | | | | | | | |
| Street Lighting | | | | | | | | | | |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | | | | |
| Water purification | | | | | | | | | | |
| Reticulation | | | | | | | | | | |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Reticulation | | | | | | | | | | |
| Sewerage purification | | | | | | | | | | |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Waste Management | | | | | | | | | | |
| Transportation | | | | | | | | | | |
| Gas | | | | | | | | | | |
| Other | | | | | | | | | | |
| Community | | - | - | - | - | - | - | - | - | - |
| Parks & gardens | | | | | | | | | | |
| Sportsfields & stadia | | | | | | | | | | |
| Swimming pools | | | | | | | | | | |
| Community halls | | | | | | | | | | |
| Libraries | | | | | | | | | | |
| Recreational facilities | | | | | | | | | | |
| Fire, safety & emergency | | | | | | | | | | |
| Security and policing | | | | | | | | | | |
| Buses | | | | | | | | | | |
| Clinics | | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | | |
| Cemeteries | | | | | | | | | | |
| Social rental housing | | | | | | | | | | |
| Other | | | | | | | | | | |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | | |
| Other | | | | | | | | | | |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Housing development | | | | | | | | | | |
| Other | | | | | | | | | | |
| Other assets | | 595 | 1 175 | 941 | 2 911 | 3 000 | 3 000 | 5 659 | 5 807 | 6 121 |
| General vehicles | | 399 | 593 | 447 | 1 373 | 1 373 | 1 373 | 1 450 | 1 529 | 1 611 |
| Specialised vehicles | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | | - | 5 | 40 | 211 | 211 | 211 | 223 | 235 | 248 |
| Computers - hardware/equipment | | 30 | 62 | 39 | 90 | 90 | 90 | 30 | 31 | 33 |
| Furniture and other office equipment | | 166 | - | 200 | - | - | - | - | - | - |
| Abattoirs | | - | - | - | - | - | - | - | - | - |
| Markets | | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | | - | - | - | - | - | - | - | - | - |
| Other Buildings | | - | 515 | 216 | 1 237 | 1 325 | 1 325 | 3 956 | 4 012 | 4 228 |
| Other Land | | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Agricultural assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | | |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | | | | | | | | | |
| Other (list sub-class) | | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | 1 | 841 | 1 980 | 2 842 | 5 160 | 5 248 | 5 248 | 8 404 | 8 310 | 8 758 |

2.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis however section 71 reporting to the Executive Mayor (within 10 working days) still need to improve.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme that is funded by National Treasury and has absorbed on permanent basis two of five interns from the second group employed in 2011. The two financial interns positions will be advertised and filled before end of the financial year to ensure Financial Management Grant is spent at the end of the year.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Audit Committee is functioning satisfactorily during the year.

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.11 Municipal manager's quality certificate

I, BE Ntanzu, municipal manager of Nongoma Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

BE Ntanzu

Municipal manager of Nongoma Municipality (KZN265)

Signature _____

Date 28 May 2013